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# PRESIDENT'S VIEWS

## *Telling Our Story*

BY JOHN K. NALAND

Boiled down to one sentence, AFSA's mission is to make the Foreign Service a more effective agent of U.S. international leadership while also making it a better supported, more respected, and more satisfying place in which to spend a career.



Key to accomplishing this mission is AFSA's effort to build a domestic constituency for the Foreign Service. Without a constituency, the Foreign Service will continue to struggle to get the resources we need to do our jobs. Without better understanding by the general public, we will continue to suffer from unfair criticism by outsiders who do not understand what we do or why it is important.

One way that AFSA seeks to educate Americans about the role and importance of the Foreign Service is by reaching out to the media, both in Washington, D.C. and beyond the Beltway. For example, after the despicable murder of USAID officer Laurence Foley in Jordan last October, most of our nation's major print and electronic media carried AFSA's statement condemning the attack and pointing out that it underscores the need for the president and Congress to dedicate additional resources to protect the men and

---

*John K. Naland is the president of the American Foreign Service Association.*

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women of the U.S. Foreign Service who advance our nation's vital interests in often dangerous locations.

Among the media outlets quoting that statement were: the *Washington Post*, *Washington Times*, *New York Times*, *Wall Street Journal*, *Los Angeles Times*, *San Francisco Chronicle*, CNN, Fox News, MSNBC, BBC World Service, Associated Press, Reuters, and Bloomberg News.

AFSA has other mechanisms by which we educate our fellow citizens about issues affecting their Foreign Service. They include AFSA's:

- **Speaker's Bureau** that, within the past year, has sponsored 230 presentations by retired Foreign Service members to diverse audiences in 33 states;
- Annual national **high school essay contest** that, in 2002, drew contributions from 802 students from 49 states writing about the role of the Foreign Service;
- Senior-citizen **Elderhostel** (adult education) program that has told the Foreign Service story to over 3,000

people from 46 states since 1996; and

- **International Associates** program that brings together major American corporations with State policy-makers to explain the role of diplomacy in promoting U.S. economic interests.

Obviously, it costs money to organize and conduct these and other outreach activities. The good news is that, way back in 1956, AFSA established our Fund for American Diplomacy (originally called the AFSA Fund) to support public education on the unique contributions of the Foreign Service to the public good. The bad news is that, unlike the AFSA Scholarship Fund, the Fund for American Diplomacy has no endowment.

That is why AFSA members receive a letter once a year asking for donations to the Fund for American Diplomacy. While we realize that not everyone is able to contribute, those who do provide vital, irreplaceable support for this important effort. Last year, members contributed \$27,000 to the Fund for American Diplomacy. The 2003 drive is now under way and we hope to raise \$30,000. If you wish to contribute, please return the envelope that you should have received in the mail last month or contact Lori Dec at [dec@afsa.org](mailto:dec@afsa.org) or 1 (800) 704-2372, ext. 504.

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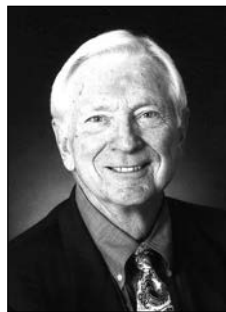


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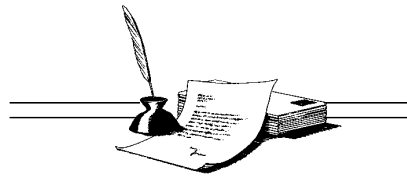
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# LETTERS

## FCS Belongs at Commerce

Albert Zucca's letter in the November *FSJ* talks about both Congress and the White House backing the transfer of the commercial function to Commerce. As I recall, that stemmed, at least in part, from a strong and continuous stream of complaints to both from the "customers." American business representatives felt they were being treated as second-class citizens at many embassies, starting with the ambassador.

I was a third-tour economic/commercial officer then. I've never forgotten a deputy chief of mission telling me I was spending too much time with American business visitors and not enough time writing reports. State wasn't taking care of business.

*Jonathan Bensky*  
Foreign Commercial Service  
Officer  
FSI/The Senior Seminar  
Arlington, Va.

## Thoughtful Coverage

I wish to congratulate the *Foreign Service Journal* for the well-rounded and comprehensive series of articles focusing on India in the October issue. The six thoughtful articles by American and Indian practitioners illuminate current internal and external developments on the Indian subcontinent and the evolving relations between our two nations. I learned much from the articles and want to express my thanks to those who brought the issue to fruition. I expect

the *FSJ* will continue to lead and repeat the pattern in presenting important issues.

A final comment: In both the July and October issues, Patrick Theros repeatedly states what Jews "accept and believe." As the beneficiary of a classical Jewish education, I take umbrage at the erroneous assertions surrounding events in Roman-governed Judea 2,000 years ago. His assertions are at variance with Jewish historians and religious experience.

*Michael S. Zak*  
FSO, retired  
Annandale, Va.

## Arnold's Bias

I just read Terrell Arnold's October *FSJ* article entitled "Palestine: The Problem and the Prospect" for a second time to make sure that it was bad enough to prompt me to write in and take exception. Just by its title the article betrays a bias, which the author doesn't have the courage to acknowledge in the text, hiding instead behind a thin curtain of so-called even-handedness. Much media reporting nowadays follows this same pattern, bending over backward to appear even-handed, and in the process equating the intentional murder of Jewish civilians by suicide/homicide bombers with Israeli attacks that aim for bomb-making laboratories in Palestinian areas but also cause civilian casualties. What do the bomb makers expect if they work in apartment buildings in densely populated areas, that they are

somehow off-limits?

Does it look like I have a bias of my own? Yes, I do. I am pro-Israel and make no bones about it. I wish the best for Palestinian Arabs, but I question, like most Israel supporters, just why their leaders squander every opportunity they've been offered to establish their independent state. I think you'd find bipartisan agreement in the United States that Arafat squandered such an opportunity most recently at Camp David, preferring a new intifada, with accompanying death and destruction, to a genuine offer of peace and statehood. As the late Abba Eban once put it, the Palestinian leaders "never miss an opportunity to miss an opportunity."

How is it possible that Arnold, reaching back into history to try to explain the present, fails even to mention any of the following: the history of continuous Jewish presence in areas roughly equivalent to present-day Israel, dating back to antiquity; the Holocaust; and the persecution and eventual expulsion of Jews from Arab countries around the time of Israel's independence?

Arnold almost bemoans Israel's prosperity, as though it has been ill-begotten and entirely at the expense of Arabs. True, some Arabs were displaced by Israel's independence, just as Jews living in pre-independence Israel were frequently targets of bloody attacks and ambushes by the Arab population. We should be inspired by Israel's prosperity and survival and by

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## LETTERS



the accomplishments and advances the Israeli people have made in science, agriculture, and medicine, not to mention the heroism and tactical brilliance of the Israeli Defense Forces.

Arnold, perhaps dreaming that he was a Third World delegate to the 1975 U.N. General Assembly that equated Zionism with racism, writes: "The Israelis want to preserve their national identity and *some of them* (my emphasis) want this to be a Jewish state." "Some of them?" Is he serious?

*Robert Blau*

*FSO*

*U.S. Embassy Lisbon*

### **Back in the Fold**

Some years ago I came to believe that AFSA, with the *Journal* as a house organ, had become just another union, not particularly engaged in the political and economic currents of the world beyond our national borders. So I dropped out of AFSA.

Now I wish to backtrack, at least to the extent of subscribing to the *Journal*. This at least partial return to the fold follows upon reading the October 2002 issue. The coverage of India and Afghanistan was outstanding — approaching the level you might expect in *Foreign Affairs*, on the occasions when you are nerved up enough to tackle that eminent journal.

Terrell Arnold's coverage of the Palestine problem was, however, the outstanding contribution. That issue is not just the third rail of American politics, but the hot poker of rational analysis. In State, many know where the interests of the United States lie, but outside the building the silence is deafening. For Americans it is always easier and usually more prudent to ignore the proposals of tiresome people in other countries, such as those French intellectuals.

*Elmer C. Hulén*

*FSO, retired*

*Potomac, Md.*

### **Arab Anti-Semitism**

Was Terrell Arnold's article (*FSJ*, October) written 20 years ago and recently retrieved from a vault? Arnold manages to hit most of the myths once held dear by eternal Middle East doves, including the now-chastened Israeli peace movement: Israeli occupation causes Palestinian terror attacks. Yasser Arafat wants peace, but cannot control "extremists." Both sides are locked in a "cycle of violence." Only U.S. pressure can bridge the gap. And so on.

Perhaps that worldview was current when Arnold retired in 1984, but what has happened since? In September 1993, the Israelis agreed to immediate Palestinian self-rule in Gaza and Jericho, limited rule for the Palestinians in the West Bank, and an agreement on self-government and the election of a Palestinian council. That agreement was based on Arafat's explicit recognition in Oslo of Israel's right to exist and his renunciation of terror and other acts of violence.

In July 2000, under enormous U.S. pressure at Camp David, Israeli Prime Minister Barak offered Arafat far-reaching, unprecedented compromises on the status of the West Bank and Jerusalem. Arafat rejected the offer and broke off the negotiations without offering any proposals of his own. The Palestinian Authority then made a strategic decision to again take up terror as an instrument of official policy.

Palestinian terror attacks are not the result of Israeli army incursions or of the "occupation." The Palestinian Liberation Organization has been launching terrorist attacks against Israel since well before 1967, indeed before there were any occupied territories to "liberate." Despite the Oslo peace process, despite the interim agreements to

## LETTERS



implement self-rule, despite promises at Wye River, Sharm-el Sheikh, Camp David, and Taba, the Palestinians and most of the Arab world continue to seek the destruction of Jews and the state of Israel.

The Arab media spews out raw anti-Semitic hatred almost every day. Often they are simply quoting leading clerics and government officials. (Examples can be found at [www.memri.org](http://www.memri.org), the Middle Eastern Media Research Institute Web site.)

Ideas matter, and violent ideas spawn violent actions. Arab anti-Semitism is the source of the current Middle East conflict.

*Richard G. Miles*  
FSO  
Washington, D.C.

### Honesty about Settlements

Why does the pro-Israeli lobby, including pressure groups like *honestreporting.com*, always label objective reporting as anti-Semitic or "rehashed propaganda"? Look at a map showing Israeli settlements in the West Bank and Gaza. Where are the Palestinians supposed to live? Every American president has severely criticized this latest Israeli expansion, but Israel is very adept at appealing to Congress or the Christian right when the White House becomes a little too pushy. Do not doubt for a second that there is a direct line from those settlements to Sept. 11.

Without question, Jews are the greatest people who have ever lived and for 3,000 years their contribution to the world of knowledge has been unequalled. Also, we know that after each of the wars since 1948, Israel has offered to return Arab land for peace, a concept scoffed at by the Palestinians. However, right now, no one in the world except hard-line Israelis and knee-jerk Christian conservatives supports the

settlements. The latter do so in the belief that the settlements will hasten the return of Jesus.

We must guarantee the existence of Israel but not its territorial ambitions. Continued Arab support, with the obvious exceptions of Syria, Libya and Iraq, speaks volumes for the long-standing respect and admiration the Arab world holds for the U.S. *Honestreporting.com* and its cohorts are now keeping score of universities and individuals who are not blindly pro-Israel, and they can put my name on the list. The message from us and 99 percent of the world is simple; get out of Gaza and the West Bank. If we are going to continue to be accepted as the policeman of the world, we have to be a little more honest, objective and democratic. This issue should receive our concentration, not Iraq.

*Kurt Shafer*  
FSO, retired  
Chatsworth, Ill.

### Glorifying a Terrorist?

While I am always interested to learn about a sister agency with whom we often share overseas facilities, I was nevertheless surprised by the recent cover story about the Agency for International Development ("Andrew Natsios: Getting USAID on Its Feet," *FSJ*, September). I am willing to stipulate that USAID has accomplished many great things over the years, but the report was less than balanced.

The article indicates, in a quote by Andrew S. Natsios, "Congress wants information [on USAID programs] ... and we can't do it." I find this disturbing, especially in light of a piece in the "Brickbats" section of the November issue of *Reason* magazine, which reports that USAID has recently intervened to refurbish a failing Palestinian high school.



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What is out of the ordinary about that? Nothing, other than the fact that the school is named for Dalal Mughrabi, a Palestinian terrorist who participated in a bus hijacking in 1978 that left 36 Israelis and an American photographer (Gail Ruban) dead. One would think that in the post-Sept. 11 world, taxpayer funds would not be used to support institutions that glorify the memory of terrorists.

Shane Myers  
 American Citizen Services  
 Deputy  
 U.S. Consulate General  
 Guadalajara

### Muslims and Modernization

David Timmins' letter to the editor, "Remembering History"? and Richard McKee's review of Bernard Lewis's book, *What Went Wrong? Western Impact and Middle East Response* (FSJ, November), offer explanations for Islamic hostility toward America and the West. Timmins argues that Western tolerance and appeasement encourage our "sworn enemies," while McKee notes as fact "the pervasive influence of Western societies and states on the Middle East." The underlying cause, however, is neither. The hatred that breeds Islamic terrorism against America and the West is rooted in perceived historical grievances against the West.

Many people condemn terrorist attacks without questioning these historical grievances. Left unchallenged, however, this portrayal of the Muslim as victim of the West appears to legitimize a false premise that justifies the sympathetic milieu in which anti-Western rhetoric and actions flourish. To continue to blame the West for its ills simply serves to divert the Muslim world from recognizing that much of its failure to come to terms with modernity is inherent in its own history and culture.

The Crusades, beginning in 1096, were not the opening shot of Western imperialism against the Muslim World that they are often portrayed to be. Rather, they were an attempt to retake for Christendom the formerly Byzantine Christian areas of the Near East, including Jerusalem, that by 640 had been conquered by invading Muslim armies. If any opening shot of imperialism occurred, it was in the seventh century when invading Arab armies forcibly incorporated Christian populations into a growing Muslim Empire.

A review of history reveals that, more often than not, it has been the West under assault by Islam. By the ninth century, the armies of Islam had conquered Syria, Palestine, Egypt, Spain, Sicily, and part of the Italian mainland, threatening Naples and Rome. Reading some of the so-called post-colonial literature today, one would never guess that for more than four centuries (1453-1918), a large part of the Arab world itself was subjected to the imperialism and colonialism of Islamic brethren, the Ottoman Turks. By the 16th century, the Islamic Ottoman Empire ruled not only most of the Arab world, but also today's Turkey, Bulgaria, Albania, Rumania, the Crimea, all lands of the former Yugoslavia, Greece, Crete, Cyprus, and Hungary. Twice, in 1529 and 1683, Islamic armies laid siege to Vienna.

Despotic in nature, the Ottomans were imitators at best. As the West began to increase its knowledge, modernize the design and production of naval vessels and armaments, and refine manufacturing techniques, the Ottoman world remained static. This, combined with the fact that Islam has never experienced a movement equiva-

lent to the Western Enlightenment and does not recognize as separate and distinct the secular and religious realms, resulted in Islam's refusal to accept the printing press. It was considered a sacrilege to use the sacred language of the Qur'an for such secular purposes, and for centuries Ottoman sultans banned printing in Arabic or Turkish. This had the unsurprising effect of cutting the Islamic world off from many advances in learning.

While the West continued to advance, the Arabs and all other subjects of the Ottomans were victims of an Islamic — not Western — empire's bureaucracy, regulations, corruption, and consequent failure to modernize, leaving them ill-equipped to meet the Western challenge when it came. Compared to the Islamic Ottoman legacy, the British and French post-World War I League of Nations' mandates in the Arab world were short-lived and hardly the impediments to modernization they are portrayed to be.

The Muslim world has a difficult time institutionalizing modernization due to obstacles inherent in Islamic culture itself. After the Muslim Empire's zenith, from the ninth to the 12th centuries, it began to fall into eclipse. Various theological systems emerged that shared a determinist and authoritarian outlook, denying causality as an explanation of natural phenomena. All was ascribed to the will of God. This had the effect of ending critical thought and research.

Nowhere are the impediments to modernization inherent in Islam and its interpretations more apparent than in its pronouncements regarding women. It is said that women are protected under Islam, but too often it is the protection afforded the caged. Women may inherit only

## LETTERS



half of what a man may inherit. In court, the testimony of two women is required to equal that of one man. Until women are elevated to a status equal to that of men, Muslim countries will continue to underutilize half of their human capital.

In summary, for Muslims to persist in considering themselves historical victims of the West not only perpetuates a false view of history, but also diverts them from implementing reforms within Islamic culture necessary for the institutionalization of modernization and development.

*William H. Barkell  
FSO, retired  
Arlington, Va.*

### Support for the ICC

The excellent "Cybernotes" piece on the International Criminal Court in the September 2002 issue of the *FSJ* can now be supplemented with the news that the ICC's Assembly of States Parties met successfully at the United Nations in September. This completed the birth of the court, which has jurisdiction over cases occurring after July 3. The assembly began the process of electing judges and hiring senior staff. An advance team is at work in the court's building in the Hague to prepare for its full operation beginning in March 2003.

I am the convener for the American NGO Coalition for the ICC, which supports nationwide education about and promotion of the court. We have a comprehensive Web site at [www.amicc.org](http://www.amicc.org), offering extensive material about the ICC, including the U.S. position on it. I would also note that the ICC has its own Web site: [www.icc.int](http://www.icc.int).

*John Washburn  
FSO, retired  
New York, N.Y. ■*

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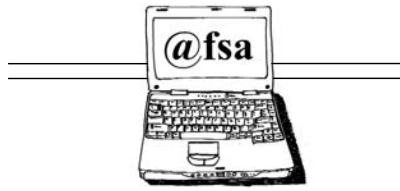
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# CYBERNOTES

## ...and E-Government for All?

Interested in filing your federal income taxes online for free (and getting your refund twice as fast), or securing a 15-day extension with the click of a mouse? By January 2003, about 60 percent of U.S. citizens should be able to use EZ Tax to do just that, thanks to a milestone agreement the IRS reached with online software vendors to implement the project.

EZ Tax is one of 24 high-payoff, government-wide “e-initiatives” identified by President Bush in October 2001 for priority implementation in an effort to jump-start the e-government effort begun under the Clinton administration. There are four more initiatives in the “government-to-citizen” portfolio that range from making it easier to reserve campgrounds at national parks to finding federal benefits for which one might be eligible.

Mark Forman, managing e-government strategy at the Office of Management and Budget ([www.whitehouse.gov/omb/](http://www.whitehouse.gov/omb/)), summed up the task: “The first phase is to get the information on the Web. That is the low-hanging fruit. It’s pretty easy to do. The second phase is the re-engineering necessary to streamline the process. That is harder and takes longer.” Federal information technology spending will exceed \$48 billion in 2002 and \$52 billion in 2003. The ultimate aim is to make it easy for citizens and businesses to interact with the government, eliminate redundant systems and save taxpayer dollars.

The Performance Institute ([www.performanceweb.org](http://www.performanceweb.org)), a public policy think tank, gives the

I would like to strengthen embassies abroad, the ‘front-line troops’ in the diplomatic world. We will need more money, clearly, [to improve communications and working conditions at embassies]. I want to illuminate the whole subject in a way that it has not been illuminated in some time. For our Foreign Service people to be more effective, we need to have more going for them.

— Senator Richard G. Lugar, R-Ind., incoming chairman of the Senate Foreign Relations Committee, Nov. 21, 2002, [www.washingtonpost.com](http://www.washingtonpost.com)

Bush administration high marks for leadership on e-government, but cites important problem areas including cooperation between agencies, obtaining sufficient funding, and lack of user-friendliness in government Web sites.

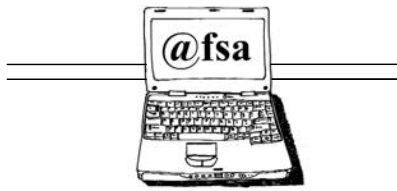
This is not news to the administration’s e-government managers. Their latest report ([www.whitehouse.gov/omb/inforeg/egovstrategy.pdf](http://www.whitehouse.gov/omb/inforeg/egovstrategy.pdf)) explains that during the 1990s, government agencies used IT to automate existing processes on an agency-by-agency basis, yielding over 35 million web pages online at more than 22,000 Web sites with little, if any, gain in productivity or citizen usability. The Bush administration’s E-Government Task Force found that there was significant redundancy, with multiple agencies performing each of 28 major functions or business lines separately. The result: a community attempting to obtain economic development grants, for example, might have to file over 1,000 forms at more than 250 federal bureaus, each form containing similar data — a wasteful and inefficient process.

Lessons learned from this inform the current strategy, which is based on interagency collaboration on four portfolios: government-to-citizen pro-

grams; government-to-business programs; government-to-government programs; and, internal efficiency and effectiveness programs such as the e-training program for federal employees already launched, and the payroll process consolidation program.

An overarching e-authentication initiative is aimed at finding common solutions to the electronic signature needs and security of the e-programs. A similarly comprehensive e-government architecture project is working to develop a coherent federal enterprise architecture and a core set of standardized technology models, and also conduct analysis to identify new opportunities for e-government initiatives in the areas of homeland security, economic stimulus, social services and back-office operations.

The strategy has already produced results. For instance, *GovBenefits* ([www.govbenefits.gov](http://www.govbenefits.gov)) allows citizens access to information on 133 benefit programs in 11 different agencies. It is a one-stop-shop, where citizens can determine whether or not they qualify for any government benefits and, if so, get help to apply. Researchers commended *GovBenefits* for staying up-to-date, an accomplish-



# CYBERNOTES

ment which requires interagency cooperation — one of the toughest problems. Observers credit the Bush administration's use of a carrot-and-stick approach to solve it. The "stick" side includes threatening to withhold funding and embarrassing agencies for not cooperating.

*FirstGov* ([www.firstgov.gov](http://www.firstgov.gov)), the federal government's primary portal to its Web sites, including EZ Tax when it comes online, and the existing *GovBenefits*, was rated one of the most useful sites by Yahoo.

In the area of government-to-government programs, local, state and federal agencies are working to implement the Social Security Administration's e-Vital program. Currently, it can take 170 days to process a death certificate, but with the online system it is expected to take five days. One cost-saving advantage is that states can ensure that they do not provide benefits to someone who is not eligible.

A problem with the SSA program, however, is that the main constituency (older and disabled persons) is less computer-savvy or has less access to the Internet. Also, state governments have resisted cooperating with e-Vital because they receive a fee for providing hard-copy birth and death certificates. So far, the SSA has worked out agreements with seven states and plans to have all 50 on board by 2005.

E-government has been given a strong boost, but there is still a long way to go. E-government is not simply a matter of "putting everything online," as the Task Force emphasizes. "E-government, like e-business, is about fundamental change in the way

organizations and processes work to take advantage of the opportunities IT offers."

— *Stephen Yeater, Editorial Intern*

## Comparative Study of Foreign Ministries Launched

A hole in the area of diplomacy studies — the comparative examination of diplomatic delivery systems — is about to be filled. The Ministries of Foreign Affairs Research Project has just been launched by DiploProjects ([www.diplomacy.edu](http://www.diplomacy.edu)), a nonprofit devoted to the use of IT tools in education, research and development for diplomacy and international affairs.

The project has two main components: detailed analysis of 16 to 18 selected MFAs representing major countries as well as medium powers and small states, and a much broader statistical survey carried out by all foreign ministries that may wish to participate. Survey results will be collated and integrated with the country studies into a book-length work due for publication in a year.

In keeping with its commitment to the use of IT tools for diplomacy, the Ministries of Foreign Affairs Research Project has its own Web pages, accessible from the home page of the DiploProjects Web site, *Diplo*, at the URL listed above. Essential information on the project's objectives, stages of implementation, and guidelines for participation can be found there, including an open invitation to potential authors for the individual country studies and contact information.

Provisionally identified for detailed analysis are the U.S., U.K., Germany,

## SITE OF THE MONTH: "The Global Beat"

**T**he *Global Beat* ([www.globalbeat.org](http://www.globalbeat.org)) is subtitled "Resources for the Global Journalist," but you don't have to be a journalist to add this excellent Web site to your favorites list. Every week *The Global Beat* presents a broad selection of the best coverage of leading issues of the day, drawn from media and publication outlets around the world. A program of New York University's Center for War, Peace and the News Media, *The Global Beat* is run by veteran foreign correspondent William T. Dowell.

One week in November, for example, there were eight to 10 articles listed on the Iraq issue, each from a different, insightful angle; two or three on al-Qaida and Afghanistan; and listings on NATO's evolution, Pakistan, Jordan, Lebanon, Israel, North Korea and Brazil. Each listing is headlined, and has a short summary and a link to the actual article. These listings are complemented by samplings from the Global Beat Syndicate, a sister program headed by John J. Schulz, professor of international communication at Boston University and a veteran of 21 years with the Voice of America.

The site contains links to other Center programs and publications, to information sources on U.S. defense policy, the Middle East and journalism organizations, as well as links to extensive lists of experts on a range of foreign affairs issues. And, for those who *are* interested in the craft behind the news, there is also a link to "Zoned for Debate," NYU's Web forum on current issues in journalism.

A weekly e-mail *Global Beat* advisory is also available at no charge.



France, Japan, Russia, China and the European Union; emerging states Hungary, Slovenia and Latvia; and developing countries Brazil, Egypt, India, Kenya, Mexico, Senegal, South Africa, and Vietnam. Focus will be on the structure, functioning and methods of foreign ministries, and their operational efficiency. By focusing on performance, project coordinators hope to be able to carry out benchmarking and identification of best practices, a kind of comparative examination not ordinarily carried out by MFAs. A May 2003 symposium is planned for contributors to the country-study part of the project.

The statistical survey centers on an Internet-based questionnaire. Respondents will be integrated into a broad interactive forum where *Diplo* will share the results of the statistical

study and exchange ideas with survey participants.

DiploProjects is based at the Mediterranean Academy of Diplomatic Studies at the University of Malta, and is supported by the Swiss Agency for Development and

Cooperation. Individual projects are also supported by the European Union, the United Nations Development Program, the Commonwealth Secretariat, the European Free Trade Association, and the U.S. Institute for Peace. ■

## 50 Years Ago

About the greatest surprise to me was the live and sympathetic interest displayed when the influence of McCarthyism on the political reporting of Foreign Service officers was touched upon. That a reporting officer might eventually be led to play it safe and to keep unorthodox thoughts and observations to himself, struck all as a real danger of which they had not been aware.



— FSO Martin F. Herz, commenting on ten days of home leave spent as a reporter on a small-town newspaper, in "Bedford, Indiana Perspective," *FSJ*, Jan. 1953.

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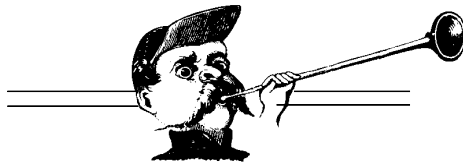
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# SPEAKING OUT

## *The Courage Of Our Convictions*

BY KEN MOSKOWITZ

Several months ago, I mounted a major public affairs event here in Tokyo, an afternoon seminar on the Kyoto Protocol, to explain the Bush administration's policy. The program brought together speakers from the Japanese business community who advise the government on greenhouse-gas issues, a young and articulate advocate from the environmental NGO community, an ecology writer and journalist, and a high-ranking State Department colleague. The entire session was conducted in Japanese.

Afterward, I complimented my embassy colleague, noting that it is sometimes difficult to get my State colleagues to speak publicly for the embassy, and said I especially appreciated his daring willingness to do so in Japanese.

"What can they do, fire me?" he replied.

Now, this was an odd rejoinder. Why should a veteran U.S. diplomat, with a long and distinguished career, express even joking concern that his advocacy would be somehow frowned on, even grounds for disciplinary action, by State management? How in the world did it come to pass that skilled and experienced FSOs should get the feeling that public speaking on policy issues is not welcome?

I ask these questions as a former U.S. Information Agency officer who has experienced first-hand the chilling effect of remarks made by high-level State colleagues. I've

*Where did skilled and experienced FSOs get the feeling that public speaking on policy issues is not welcome?*



heard, for example, that our embassies do not need to mount public affairs campaigns at all. Or indeed, since the issues are nuanced and shifting, some officials maintain that it is best to leave public diplomacy out of the picture altogether. Similarly, some of my colleagues have raised questions about my choice of unofficial speakers (once known as "AmParts" and "American Speakers") and sought to draw boundaries marking how far I should be permitted to go in engaging academics and other experts whose public views might not dovetail with State policy, and would therefore run counter to U.S. government goals.

I recently posed these concerns to a State Department colleague with many years of experience with speaker programs and public diplomacy. Regarding State policy on how far "off the reservation" we could go in inviting U.S. speakers, he said, "nothing is written down." This is what I suspected, and it is why I

think this article is necessary. For in the vacuum formed by the unwillingness to address the boundaries, there is a pall cast by our more timid colleagues, who would have us offer speaker programs suitable for a Cold War-era people's republic. But I am not a commissar for a moribund, ideological dictatorship. Rather, I want us to fashion an approach to public diplomacy worthy of a confident, democratic superpower.

### **Handling Dissidents**

Gaining international support for the war on terrorism is obviously at the top of the list of current U.S. foreign policy priorities. My State colleagues in the public diplomacy field would doubtless cite various examples of speakers who would be obviously unacceptable in that endeavor. I think we could all agree that those who hold the U.S. government responsible for most of the ills of the world, including terrorism, or who would admire in any way the perpetrators of the World Trade Center attacks, should never be engaged by a U.S. embassy to speak officially on any topic. But what about a speaker who supports the current war on terrorism but has other ideas about how to pursue it — e.g., someone who advocates that the U.S. distance itself from the current Israeli leadership and support more vigorous moves toward Palestinian statehood? In my view, such an individual could be a U.S.-sponsored speaker, though I would pair him or her with an articulate advocate of the



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*SPEAKING OUT*



*I want us to fashion an  
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administration's Middle East policy.

Or consider a less inflammatory topic. I witnessed several years of so-called trade friction in bilateral relations with Japan as a press officer here in the early 1990s. During that contentious era, U.S. negotiators engaged in pitched closed-door talks while we in USIA's Tokyo office fought battles for public opinion in sector-specific areas as diverse as rice, cars and car parts, and semiconductors. It was not difficult to find American academics and journalists who decried the Clinton administration's insistence on setting "numerical indicators" in bilateral trade agreements, which many of them condemned as "managed trade."

In that atmosphere, I did not feel it would have been responsible to invite a speaker, even a prominent one, who would take such a position at the same time that our negotiators were in town trying to sell the opposite view. Had we sponsored such individuals, the Japanese press, already hostile to our position, would have had a field day highlighting yet another American who belittled our stance, deeply embarrassing us.

On the other hand, during my first tour with USIA in Budapest, when Hungary was still part of the Soviet bloc, I often hosted speakers who publicly disagreed with various aspects of U.S. foreign policy. But these were

moderate individuals who understood and appreciated the official view, even as they articulated positions more or less at variance with it.

At home, the public platform given by the First Amendment to such disparate opinions helps us better understand and refine our policies. That approach can work overseas, too — within the limits sketched out above. For example, members of Congress from the political party not holding the White House accept the traditional restraint on criticism of the president when they travel overseas. This is not merely a matter of patriotism. The rationale for free speech at home is that it sharpens public debate, which helps refine and improve public policy. But foreigners do not necessarily contribute to domestic public policy discussions, so the value of free speech overseas should properly be balanced with the national interest of building support for U.S. foreign policies.

Such a balance will certainly work to our long-term diplomatic advantage. In the communist bloc, I received no end of compliments — often expressed in a tone of amazement — that the U.S. government would sponsor and host the voices that criticize it. And I am sure that is still the case when we send our "dissidents" to China today. Both through what the speakers say, and also through the very nature and scope of our public diplomacy programs, which should welcome a diversity of views, we set a valuable example for such regimes. In any country, moreover, this diversity of speakers also provides invaluable credibility to our work.

**Handling Ourselves**

Shortly after the Sept. 11 attacks, a young embassy colleague returned from a conference on terrorism and



reported that many attendees — including an Egyptian critic — were critical of U.S. policies in the Middle East. But he did not identify himself as an American diplomat and make counterarguments (which would have easily fallen within U.S. government policy guidelines), even though he had the knowledge and skills to perform that role. He felt, I believe, the same reluctance to speak out expressed by my more senior colleague mentioned above. It's a matter of keeping your head down to get ahead, of recognizing that public advocacy won't help your career, but can certainly damage it if your bosses don't like what you have to say.

I suspect that some readers of this article will claim that I've set up a straw man, and would argue that State leadership has never formally tried to muzzle dissident views in speaker programs, nor discouraged FSOs from publicly advocating U.S. government policies. But it is undeniable that the State Department allows very few officials to speak on the record overseas (or back in the department, for that matter). As a result, FSOs are naturally reluctant to do public speaking even away from the media, even though they're supporting official policy, which obviously diminishes the value of trained and knowledgeable public diplomacy officers. Soon after we're minted as FSOs, we begin to develop an appreciation of the strict limits on our initiative when we read our first embassy press guidelines and discover how few people are permitted to speak on the record for the embassy. We also hear examples of colleagues who thought they were speaking either off the record or in an area free of reporters, but whose comments somehow got into the media and caused them problems — even

if what was said was in line with policy. Or perhaps we have even been burned that way ourselves.

As for speaker programs, the proclivity toward conformity of opinion stems largely from the very absence of clear policy regarding this subject. This results in just enough pressure in the form of "suggestions" — "Don't you think you ought to reconsider that speaker proposal?" or, "Do you really believe that Washington (or the ambassador, the political section, etc.) would accept that individual?" — to discourage us from hosting the speakers we really need. Since USIA's consolidation with State in 1999, many of my colleagues have seen the writing on the wall and opined that the days of independent voices are over. (By contrast, before the merger, State officers rarely interfered with the speaker programs of their USIA colleagues.) My political section colleagues have occasionally reminded me that "you work for State now," and told me directly and indirectly that I will have to accept their political guidance to win approval of my public diplomacy programs. Political correctness — by which I mean the pressure to sponsor only the staunchest advocates of current administration policy — now seems to be the watchword. Several colleagues have, in fact, discouraged me from writing this article, suggesting that it won't help my career. But I think the discussion I've outlined would actually be healthy for the Foreign Service as an institution.

Besides, after all, what can they do — fire me? ■

*Ken Moskowitz joined USIA as an FSO in 1986, serving in Budapest, Washington, D.C., Kiev and Tokyo (twice). He is currently director of the Tokyo American Center.*

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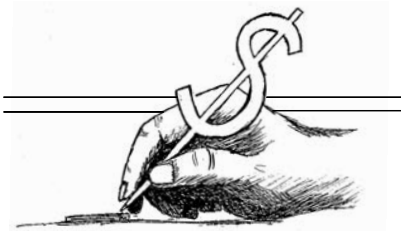


Irene T. "Mickie" Harter, wife of John Harter, FSO retired, died on February 10, 2002. This fund honors her strong spirit and perseverance to find a cure, so others might benefit.

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# FS FINANCES

## *Claiming the Tax Exclusion for Gain on Home Sales*

BY EDWARD J. MICHAL

There's just about nothing worse than having to pay a hefty tax bill on the gain from the sale of a house in which you failed to reside in for two out of the last five years because you were serving overseas. AFSA has pushed for years to get this injustice to Foreign Service personnel rectified, and was on the verge of success with Congress in late 2002. [See box, p. 19.]

A retroactive tax exclusion would be extraordinarily valuable, since it could enable Foreign Service employees who sold their homes since 1997 without being able to qualify for the exclusion to claim potentially large tax refunds. FS personnel who do not currently qualify for the maximum exclusion, but who are nonetheless considering selling their homes on the basis of the impending legislative provision, may wish to delay selling until after the bill has been passed. But they should keep in mind that even if the 108th Congress passes the bill, it could drop the retroactive clause due to changing fiscal circumstances.

The good news is that if you have already sold your home, or must do so whether or not such legislation is enacted in the near future, there are several provisions in current law that can help you avoid paying tax on your gains, or at least reduce it. These provisions are described in IRS Publication 523, "Selling Your Home," available at [www.irs.gov](http://www.irs.gov).

Perhaps the best-known aspect of the home-sale gain exclusion is the fact that married couples can exclude

*There are several provisions in current law that can help you avoid paying tax on your gains, or at least reduce it.*



up to \$500,000 in gain from their taxable income. But married taxpayers must meet several conditions to qualify for this exclusion. First, a couple must file a joint return for the year in which the home sale occurs. Second, one or the other spouse must meet the ownership test — i.e., have owned the property for at least two years out of the five preceding the sale. Third, both spouses must meet the use test; that is, they must have lived in the house for two years out of the five preceding the sale. And, fourth, neither the taxpayer nor his or her spouse can have excluded gain from the sale of another house during the two-year period ending on the date of the sale.

Married couples who do not qualify for the full \$500,000 exclusion because the two of them did not live in the house for at least two years out of the five preceding the sale can, nonetheless, avoid tax on up to \$250,000 of gain if at least one member of the couple lived in the house for two years. The taxpayer or spouse

must have lived in the house being sold for at least 730 days, but not necessarily during one continuous period; i.e., one year of residence, followed by a one-year tour overseas, and then another year of residence would qualify the taxpayer for the exclusion. Short absences during a period of residence, such as vacations or business trips, can be counted toward the period of residence as long as the taxpayer continues to maintain his or her home at that address.

### **A Reduced Exclusion**

If the couple keeps records of their "basis" — the cost of the property and certain other expenses, as outlined in Pub. 523 (see Pub. 551, "Basis of Assets", for more details) — they can minimize their tax bite even if they have a gain of more than \$250,000 that is subject to taxation. They will be taxed only on the difference between the "basis" and the sales price, so the more documented expenses they add to their claimed "basis," the less gain on which tax will be assessed. Another twist to the home sale gain exclusion is that the spouse who lived in the house must also have been on the title as an owner for two out of the five years preceding the sale, but not necessarily at the same time as he or she lived in it. Thus, a taxpayer can count a period of residency as a tenant in a property toward the use test, as long as he or she subsequently purchased the property and owned it for at least two years prior to the sale.

Those who do not meet the two-



year ownership or use tests can still qualify for a reduced exclusion if they sold their home 1) due to a change in place of employment, or 2) for health reasons. The exclusion is reduced proportionally according to the amount of time the taxpayer lived in the residence sold; for example, a taxpayer who lived in the house for only one year would be entitled to exclude a maximum of \$125,000 in gain, as opposed to \$250,000 if he or she had met the two-year test.

A couple filing jointly can combine their individual exclusions, based on how long each person lived in the house. For example, if one member of the couple had lived only four months in the house during the five years preceding its sale, and the other had lived one year and nine months, they could exclude the reduced maximum of \$250,000 in gain. The ownership test also reduces the maximum potential exclusion proportionately. And even if one member of the couple filing jointly owned the property for a shorter period than the other spouse, both spouses are treated as owning the property for the longer period. Worksheet 3 of Pub. 523 shows how to calculate both kinds of proportional reductions in the maximum allowed exclusion.

Although Pub. 523 lists “unforeseen circumstances” as a third acceptable means by which to qualify for a reduced exclusion, the IRS has not yet issued a regulation defining that term. Until it does so, no one can claim a reduced exclusion under that provision. There is increasing press speculation that the IRS is preparing to issue a regulation defining “unforeseen circumstances.”

Foreign Service personnel assigned to Washington who are retiring can take advantage of the reduced maximum exclusion by accepting post-retirement employment outside the Washington, D.C., area. The taxpayer is not required to purchase

another property at the new place of employment, or to change employers. To claim the reduced exclusion for health-related reasons, the taxpayer should be prepared to provide evidence of a specific health problem or need that required the sale of the residence.

### Other Options

A Foreign Service employee can also claim the reduced exclusion even if, during the two-year period ending on the date of sale, he or she had already sold another home at a gain and excluded all or part of that gain. Ordinarily, a taxpayer would be barred from claiming any exclusion under those circumstances. However, if the second sale is due to a change in place of employment or for health reasons, the taxpayer can take a reduced exclusion.

Another means to obtain a full exclusion works best for packrats who never throw out their records or receipts. Taxpayers who postponed all or part of the gain on the sale of a previous home when they bought the home on which they now seek to exclude gain are entitled to count the

time living in and owning the previous home toward the two-year use and ownership tests, respectively. To present the strongest possible case if questioned (and the stakes may well be high enough to encourage the IRS to challenge such a claim), the taxpayer should be able to produce the tax return with the Form 2119 on which the postponed gain was reported. The taxpayer should also be prepared to substantiate his residence in the previous home for the period of time that he wishes to count toward the use and ownership tests. (Old utility receipts, if available, are a strong proof of residence.) An unmarried taxpayer who has both the Form 2119 and proof of residence could qualify for the \$250,000 exclusion while a married couple filing jointly with such backup could qualify for the full \$500,000 exclusion.

For example: You sold a home you lived in for nine months in 1985, rolled the gain into a new residence in 1986 and reported postponing that gain (by rolling it over into the new residence) to the IRS on a Form 2119 attached to your 1986 return. You were posted overseas in 1995 and did

### AFSA Will Keep Trying

**A**FSA Director of Congressional Relations Ken Nakamura reported Nov. 22 that the sought-after legislation failed to pass on a technicality and thus will have to be taken up in the 108th Congress next year. His Legislative Update e-mail provided the following synopsis of what the exclusion provision would have done for Foreign Service members:

“The capital gains tax exclusion provision, which affects both the uniformed and Foreign Service, would have:

- allowed a person to be away from the property for up to five additional years (tolled years) as part of the “look back” criteria. Thus, within a 10-year period, the homeowner would have had to occupy the property for two years.
- the tax exclusion would have been retroactive to 1997, and would have been treated as if it had been part of the original law when enacted.
- to qualify for the tax exclusion, the homeowner would have to be on official orders with the duty station more than 150 miles away from the residence.
- the allowable five-year tolling of years could be used more than once. Thus, if a person used the exclusion and tolled the full five years, and bought another house, the five-year tolling would be allowable the next time the homeowner wanted to sell the new house that was bought.”

— Edward J. Michal



not return to the “new” residence in the U.S. until 2001. Eighteen months after resuming residence in the “new” residence, you sold it at a gain. You can exclude the gain from taxation under the current requirement to have lived in the “new” residence for two out of the five years preceding the date of sale by counting both the nine months of residence in the prior home and the one-and-a-half years of residence in the “new” home.

One final note on the home sale gain exclusion: taxpayers who rented out their homes or used them for business purposes, claimed depreciation, and then resumed using the houses as residential property prior to sale cannot exclude the part of their gain equal to any depreciation allowed or allowable as a deduction for periods after May 6, 1997. All of that gain will be taxable in the year of

the sale of the property (consult Publication 523 for details).

You cannot postpone the tax bite of this requirement, moreover, by engaging in an installment sale because the full amount of the gain equal to the depreciation previously taken (or the amount of depreciation that should have been taken, if you did not claim it) must be reported as income in the year of the installment sale.

If you sell a property on which you claimed depreciation while using it for business (including residential rentals), and will therefore be subject to tax on the gain equivalent to depreciation claimed after May 6, 1997, be sure to either increase the amount of taxes withheld from your salary, or make an estimated tax payment prior to the due date for transactions occurring on the date of sale. Uncle Sam wants his money sooner, rather than

later, after such a sale, not by April 15 of the following year. Waiting until April 15 to settle up will result in penalties and interest on the unpaid taxes, assuming you do not have other credits or tax payments to offset them.

If you are unsure about whether the examples provided in Pub. 523 apply to your individual situation, you should consult a tax preparer, CPA, tax attorney or other qualified professional. If done properly, the exclusion can save you many thousands of dollars in taxes. ■

*Edward Michal was an FSO from 1975 until 2002, serving in Monterrey, Santiago, Maseru, Kolonia, Port Moresby, Tegucigalpa and Washington, D.C. He currently resides in Dripping Springs, Texas. He will prepare tax returns during the 2003 tax season.*

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# THE BUSINESS OF AMERICA IS EXPORTS



“**I** OVERALL, PROSPECTS FOR THE COMMERCIAL SERVICE LOOK GOOD. BUT A NUMBER OF SHORT-TERM AND LONG-TERM FACTORS COULD THREATEN THE WORK OF THE AGENCY.

BY BOB GULDIN

“I’m from the government and I’m here to help.” For most Americans, that’s a one-line joke, designed to provoke a wry smile from people cynical about the role of government in their lives.

But for the clients of the U.S. Commercial Service, that line usually rings true. The organization, a part of the Commerce Department and an unusual hybrid of domestic and Foreign Service components, seems to grow more popular every year. Members of Congress frequently request that the Commercial Service open offices in their districts, and ambassadors demand Commercial Service officers. And last year, over 34,000 U.S. businesses met

with CS specialists to find ways of boosting their exports.

[A quick note on nomenclature: During the 20th century, the U.S. government's foreign commerce function switched several times between the Departments of State and Commerce. In 1980, it moved again to Commerce, where it was named the Foreign Commercial Service. The next year it was renamed the U.S. and Foreign Commercial Service, which referred to the combined domestic and international organization. That is still the full and proper name of the service, but the abbreviated "Commercial Service" is heard far more often. Though the phrase "the Foreign Commercial Service" is frequently used, particularly within the FS community, it does not officially exist.]

As one CS veteran told the *Foreign Service Journal*, "We're looked upon as a friendly face, a helping hand. Other government agencies aren't viewed like that."

In large part, the Commercial Service is well-liked because its mission — helping American companies export — is universally popular. Exports increase business profits, create jobs for workers, and help the U.S. economy as a whole. What's not to like?

Professionals in the Commercial Service like to say that their agency is "the best-kept secret in the U.S. government." But Director of Marketing and Communications Douglas Barry admits, "This appellation is beginning to melt away."

## **Promoting the Commercial Service**

If the Commercial Service is acquiring a higher profile, lots of credit must be given to Maria Cino, who has been director general of the service since May 2001. Cino, a lively and outgoing advocate, came to the service from the front lines of Republican Party politics. In 2000, she served first as national political director for Bush for President and then as deputy chairman of the Republican National Committee, where she managed a \$250 million media, mail and get-out-the-vote effort in all 50 states.

Cino admits that when Commerce Secretary Don Evans first called her about the post, she told him, "I've never had an expertise in trade." But she's quick to add that the job is "a very close fit to my background. For most of my life I managed national field organizations.

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*Bob Guldin is a former editor of the Journal. He is now a freelance writer and editor in the Washington area.*

We just happened to sell candidates. This is an international field organization that assists small and medium-sized businesses to export their goods and services."

Cino has rapidly put her own stamp on the organization. She notes, "In my previous life, you had a very short time to get results. In a campaign, you have six months."

Her most visible initiative is the Export Achievement Awards, a program started in January 2002 to recognize U.S. companies that are new exporters. "We've already given out about 370 awards," Cino said in November. "We use elected officials to present the awards, so we educate our officials."

Cino also aims to increase the number of U.S. companies exporting and the countries they're exporting to. "Of the companies that are exporting, 64 percent are exporting to just one country," she says.

She intends to continue to help "underserved communities, women-owned businesses and minority-owned businesses," but has told the Service to focus those efforts more precisely. In recent years, too many training seminars for U.S. companies were given for "companies that had no intention of exporting and were not able to," Cino says. With more careful screening, the CS will work more with companies that "are exporting a little bit, or are just under the line."

A less visible Cino initiative — but one much appreciated by the FSOs in the service — is making professional development a priority. Eric Sletten, a senior FSO, says, "We have a DG now who has put a huge emphasis on training. For the first time, we have a junior officer training [course] that mimics State's A-100 experience, and senior commercial officer training. She has strengthened us institutionally."

Cino clearly values the Commercial Service's special role as a "seamless operation" combining domestic and international operations. She adds, "It's absolutely valuable to have a Foreign Service component. We have 162 international offices. We're able to say to this customer in Des Moines, Iowa, that you have potential to export your products to Russia, and I'm going to turn you over to our senior commercial officer there and his staff, rather than giving him a plane ticket, waving goodbye, and maybe never hearing from him again."

## **Too Political?**

The presence of Cino, a top Republican political operative, as DG points to an issue that critics of the Service



often raise — that the Commercial Service is moved too much by political factors and not enough by strictly economic export considerations.

In a way, that criticism can be made of the Commerce Department as a whole. One senior commercial officer told the *Journal*, “Ever since the Nixon administration, the secretary of Commerce has usually been the president’s chief fund-raiser, maybe on the assumption that that person has good ties to business.

And then, Commerce always gets more than its share of political appointees. Since they can’t easily be put in the technical agencies like the National Oceanic and Atmospheric Administration, lots of them wind up working in international trade.”

Stephen Craven, a veteran officer who until recently was director of the service’s Rocky Mountain and Southwest Region, says that the political presence has “both pluses and minuses. A minus is that it gives us a layer of amateurs in several of the top positions. Proportionally, we have more political appointees than State.” But, Craven says, that proportion is smaller now than it was a few years ago.

“Very often those political appointees come in with their own agendas, such as promoting diversity or assisting in election campaigns,” Craven says. “But some have become dedicated to the mission of the [Commercial] Service.”

“As with a political ambassador,” Craven says, “it’s tough to predict beforehand. They are more likely to be subject to political whims. But on the plus side they may have strong contacts on the Hill.”

Regarding a related criticism — that too often the Commercial Service opens offices for political rather than export-related reasons — Craven says, “It’s undeniable that this has happened. We opened a number of posts in Central Asia, the former Soviet Union” as political statements.

The Commercial Service has also opened offices in the United States because of political pressures from the Hill, Craven says, “but those are a small minority of our domestic offices.”

Cino is optimistic about the prospects for U.S. exports. She notes that for eight years — from 1994 to 2002 —

***The U.S. Commercial Service, an unusual hybrid of domestic and Foreign Service components, seems to grow more popular every year.***

the U.S. president did not have “fast-track” trade promotion authority. Since President Bush now has that power again, Cino says she expects that a number of new preferential trade agreements or free trade agreements will soon help American exporters.

Similarly, prospects for the Commercial Service look good. But a number of short-term and long-term factors could threaten the work of the service. Those include the rising role

of the Internet and electronic commerce, the difficult security/terrorism environment, and a huge budget hit on the service that may be looming just over the horizon.

### **A Budget Bombshell**

Like many federal agencies, the CS runs on a tight budget, and often has to shift staff and resources to meet urgent needs. Its annual budget is relatively stable, running about \$170 million per year. Imagine the agency’s surprise, then, when it was recently told by the State Department and the Office of Management and Budget that it might be required to contribute more than \$40 million per year for upgrading of embassy buildings.

Noel Negretti, director of the Commercial Service’s Office of Planning, does not like the idea. He points out that State has a plan to build new consulates and embassies at a cost of \$1.4 billion a year. “Rather than ask for that directly from Congress, they want to allocate the cost of those buildings across all the agencies that are overseas. For the first year it would go into full effect, fiscal 2006, we would be asked to provide \$48 million. This year we’re being asked for \$9 million.

“The way they put it is, you can ask for it every year from the Congress. Of course we can ask for it,” Negretti says with pained laughter, “but asking isn’t necessarily receiving.”

Carlos Poza, the deputy director general and an FSO, argues that State should bear the responsibility, since it has absorbed the U.S. Information Agency and “is now clearly the predominant Foreign Service agency.” He adds, “It’s a terrible precedent. It’s taking trade promotion funds and putting them into building buildings.”

Director General Cino agrees that “the fact that we would be involved in the building of embassies and the

shared cost of that is ludicrous.” But she is convinced that Congress will produce a better plan. “They don’t want four agencies deciding what colors the walls should be. The money will go to the agency that is responsible. It will all be sorted out.”

The prospect of a huge budget hit is especially worrisome because the Commercial Service — and especially the Foreign Service component — feels strong budget constraints already (though not as badly as in 1995, when Speaker of the House Newt Gingrich proposed abolishing the Department of Commerce entirely).

The Commercial Service as a whole has about 1,800 employees, a number that has stayed fairly constant in recent years. But Eric Sletten, the CS regional director for Europe, observes about the agency’s Foreign Service contingent, “In the last year we either attrited or RIFed 100 FSNs, we ran 27 posts vacant and we closed six posts.”

Negretti adds, “The number of offices is staying pretty flat. We’ve opened as many as we’ve closed. We closed one in Genoa and opened one in Accra, Ghana.” He says that the new DG made clear “her aim was to reduce or at least keep flat. She didn’t want to see us growing.”

Cino acknowledges, “We’ve tightened our belts a bit. We’ve looked at cost-cutting things such as reduced rents, smaller spaces. We’re right-sizing our organization, seeing where we need to put our people.”

Sletten takes a philosophical view of the current budget restrictions: “We understand that in the current environment, the money and the resources are being poured into security and homeland defense. It’s pretty hard to argue that we’re being given short shrift. The administration has its priorities where they should be. We’re not at the top of that list.”

With a static budget and personnel roster, it’s extremely difficult for the service to meet requests for establishment of new posts. Says Sletten, “Quite frankly, the pressure from ambassadors is just relentless. It’s a zero-sum game. If some ambassador somewhere is successful in strong-arming us into opening up a post or sending an officer, it comes at a cost to some other post.”

“We have a lot of two-officer posts that over the last two or three years have become one-officer posts and really shouldn’t be,” Sletten adds.

Because the Foreign Commercial Service is so small, with 220 officers and 27 vacant slots, “this creates enor-

mous problems for us,” says Sletten. “What we don’t have is a ‘bench.’ We have no subs to send into the game. One person curtails or resigns, and it creates an enormous ripple effect. You end up having to move several officers because of one unexpected vacancy.”

The personnel shortage is about to get worse, Sletten says. That’s because the Commercial Service was founded in 1980, so some officers are beginning to retire after putting in 20 years. “It’s already started this year. Out of roughly 40 senior officers, we’ve had four voluntary resignations and retirements this year. That’s 10 percent of the senior corps.

“The next challenge will be how to prepare the next generation of officers to take over and manage these larger posts that are now being run by senior FSOs who are close to retirement,” Sletten says.

### **Overcoming the Distance Barrier**

Life for the Commercial Service has become harder since Sept. 11, 2001. Business travelers would rather not get blown up or taken hostage on their export-driven journeys. The changed environment shows up in lots of ways.

At some posts, the number of U.S. personnel has been reduced. Says Commercial Service officer Pete Frederick, “At one point we had six officers in Indonesia; now we have one. We do have 20 FSNs.”

Marketing Director Doug Barry adds, “It’s a challenge now to get U.S. companies to come to Indonesia. Some companies have security concerns about the Philippines. But we still try to help companies, via the Internet and videoconferencing. Sales are still being made in these countries.”

And it’s not just U.S. companies that are affected. “After Sept. 11, the number of foreign buyers coming to U.S. trade shows declined,” says Barry. “But there’s a recovery now — attendance is almost back to where it was.”

Donald Businger, director of the Office of Trade Promotion Programs, was recently stationed in Montreal. He observes that “the economy’s been slow, companies are looking to cut expenses. If there’s any big security threat out there, a lot of travel budgets and participation in international events will be cut.”

But Businger says that even security threats can produce business opportunities. “We did a security equipment show in Montreal where U.S. security product

## F O C U S

companies attended. The market was quite good. Canada is planning on spending billions on security equipment.”

Security threats can really increase customer interest in “e-services, what we call overcoming the distance barrier,” says Erin Butler, an international trade specialist. “Those services had increased relevance in the months after Sept. 11, especially in regions where people aren’t comfortable traveling.” Butler, who was stationed in Jordan last summer, says many American companies were interested in videoconferencing with Jordanians.

“I’m sure in time that will fade,” says Butler. “But there will always be regions of the world that might be good potential markets but are not places that people are eager to go.”

The stricter security atmosphere is also making it

***It is undeniable that sometimes the Commercial Service opens offices for political rather than export-related reasons.***

harder for would-be business visitors to come to the United States, because of tighter visa and entry requirements. FSO Don Businger recalled a recent case in which a major U.S. multinational aerospace company pleaded with him to help get a key Chinese employee to an important meeting in Chicago. Businger tried his best, “but the Chinese person was rejected; they [the U.S. consulate] wouldn’t let him go,” Businger says.

Sometimes, CS employees can help get business visitors into the United States. “When we’re overseas, we’re about 25 feet away from the consular section,” Businger says. “There’s no official program — it’s mainly informal, personal relationships. I can walk over to the NIV [non-immigrant visa] chief and say, ‘Can you cut us some slack on this one?’” Sometimes that kind of appeal works, Businger says, but often it does not.

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Director General Cino emphasizes that the administration does not intend to let security threats cut off commercial relations. "Even in Muslim areas, we will hold the line. The president wants us to export there."

As if to emphasize that point, the United States has posted a Commercial Service officer in battered Kabul, Afghanistan.

Besides, Cino says, "American business men and women are very resilient. If there's an opportunity, I don't usually see fear. I see people out there willing to take some risks if they're able to grow their business."

### **The Internet Versus the Human Touch**

The Internet and advances in telecommunications are rapidly changing the ways the CS does its job, but Commercial Service officers are confident that the human presence overseas is still an absolute necessity.

Some functions can probably be done electronically. Notes veteran commercial officer Pete Frederick, "In the 1980s, we did credit checks on foreign companies. Now they can be done online."

That means some overseas programs can be cut back. At one point, the United States had about 15 permanent trade centers in other countries. Now there are just two, in London and Mexico City.

Long-time CS employees say, however, that modern media cannot take the place of person-to-person meetings, such as the trade shows that are vital to business in Europe.

Retired commercial officer Ed Ruse emphasizes that "that's how the Germans do their purchasing — they build their year around being in certain commercial fairs. Trade fairs are part of the fabric of nearly every business person, especially in Germany ... but important throughout Europe.

"You get information about the market, find out if your product is competitively priced, meet joint venture partners and long-term customers. And that's something you can't accomplish by e-commerce," says Ruse.

"We do a lot of video-conferencing and that's great. But that's not really a trade show," says John Klingelhut, a senior adviser for export promotion services. "When you get a monitor and a screen in a booth, and people are talking from both sides of the ocean instantaneously — now that's a virtual trade show."

Klingelhut says that many times what passes for a virtual trade show "is taking product literature, information

on a company, and putting it on a Web site. You can't talk to that person. If you walked into somebody's booth overseas, someone would meet you and greet you; you could see a product demonstration. With Webcasting you can come close to that, but I can't ask you a question; you can't respond to me in real time."

Ed Ruse emphasizes that "there are a lot of cultures where human contact is absolutely irreplaceable — the so-called high-context cultures, like France, Italy, the Mediterranean, Asia and especially the Middle East. They still want to know who they're dealing with, and having an advocate in the person of a Commercial Service officer is an effective way to form that relationship."

Or, as one FSO put it, "You can click with a mouse, but you can click a lot better with a person."

### **Both Sides Now**

Meanwhile, the Commercial Service is very active on both fronts: making person-to-person contacts with exporters and foreign importers, and encouraging use of the Internet and electronic media.

For example, its International Buyer Program brings potential foreign importers to U.S. trade shows. It certifies the trade shows, arranges delegations, and makes sure that the international visitors are properly welcomed in the States. The trade show organizers pay the Commerce Department for the service.

Conversely, the Trade Mission program takes representatives of six to 15 small and medium-size American companies overseas, and sets up appointments for them to meet with potential importers, a process called match-making.

CS posts abroad also set up catalog shows, in which host-country businesses are invited to peruse a large collection of brochures and catalogs from U.S. businesses interested in exporting. These catalog events are increasingly being held online.

Within the United States, the Commercial Service has 108 U.S. Export Assistance Centers (called USEACs or YOU-see-acks within the service). Focusing on small and medium-size companies, the service's domestic corps assesses a business's export-readiness, shows businesspeople the ropes, and helps them make contacts that may lead to exports.

In some cases, the CS may educate businesses on why it's worth taking the trouble to develop exports —

explaining, for example, that when business is slow in the U.S. it may be booming elsewhere, so exports can even out the business cycle.

One of the service's fastest-growing programs is *BuyUSA.com*, a massive Web site that brings together thousands of U.S. exporters and foreign firms. Says Director General Maria Cino, "I like to call it the Amazon.com of exporting."

*BuyUSA.com* currently has about 5,000 American seller members and 21,000 foreign buyer members. U.S. firms must pay \$400 a year for the service, but for that money they get their own Web presence, part of an active international market. They can also set up a link to their own company's Web site. Buyer and seller members can easily send inquiries or negotiate by e-mail.

The Commercial Service certifies that member companies on *BuyUSA.com* are reliable. Marketing Director Doug Barry points out that this U.S. government role as "an honest broker" helps create confidence among buyers and sellers. "They don't think they're going to get ripped off."

The service has long had its "Gold Key Program," which arranges a series of meetings for an American business person in a foreign city. In a new twist, the Video Gold Key Program can do the same kind of matchmaking, but with the American company meeting prospective buyers or partners via videoconference instead of in person.

CS officers find that this kind of Internet or video contact often leads U.S. businesses to take the next step and make personal visits.

While the Commercial Service's mandate emphasizes helping small and medium-size businesses, Cino says, "We also help large businesses like Boeing, Pfizer, John Deere. In China, we deal a lot with compliance" on matters like contracts and shipping problems, she says.

While the Commercial Service has generally emphasized trade promotion, rather than the analysis and reporting more typical of State Department officers, veteran FSO Eric Sletten says that he has noticed a change in recent years.

In the European Union, he says, "standards and certification issues are really huge issues for exporters" and

***Defending FCS's relevance,  
one FSO says, "You can  
click with a mouse, but you  
can click a lot better  
with a person."***

"the same is true of NAFTA." He explains, "It's not driving us away from our core function, but it's forcing us to define our role more broadly, get into a more analytical function as opposed to a simply promotional function."

Interestingly, while the U.S. government tries in many ways to promote exports, it makes no effort to get U.S. companies to buy

American, even though the U.S. trade deficit is running over \$300 billion per year.

CS trade specialist Erin Butler commented, "It's a dangerous game for the government to get into playing. It's one thing to encourage exports, it's another thing entirely to discourage imports. This administration is committed to the idea of free trade."

### **How Well Does the Commercial Service Serve?**

The essential, bottom-line question for the Commercial Service is how well does it do its job? On that, the evidence is mixed but with some strong positives.

Gary Litman, the vice president for Europe and Eurasia for the U.S. Chamber of Commerce, has heard from many companies about their experiences with the FCS. He notes, "It's very difficult to generalize, because the quality of the people is the main thing. There are some folks who are high-energy, very knowledgeable. But it's very uneven. There are issues with training and competence."

Litman says that smaller businesses trying to break into new foreign markets find the CS "terrific. ... We hear from companies that for the initial introduction to the market, the FCS people are particularly valuable." Beyond that, in "matchmaking" for particular deals, "it's more questionable what the FCS can offer," he says.

Small firms need an unusual combination of luck and perseverance to break into a foreign market, Litman says. "It's such a random process, they make so many mistakes initially. But FCS can make that less random. You can save a lot of management time if you use FCS."

Litman notes that "the Golden Key program is very highly rated by our members," though that program is used for the most part by larger businesses.

As for the FCS requirement that businesses pay for

some services, Litman says, “There’s an element of surprise and disappointment from smaller companies. They do not expect people who in their minds are part of the U.S. embassy to suddenly say, ‘You will also get an invoice.’ It does look a little strange when the U.S. government charges you a fee when you’re trying to export.” Larger companies don’t mind, he says.

The Commercial Service likes to proclaim the magnitude of its achievements. It states, for example that in 2001 it helped 9,000 businesses, “most of them small and medium-sized, export goods and services worth \$34 billion.”

Some critics say those are inflated figures, and that many if not most of those deals would have been made without CS help. But FSO Stephen Craven says that the error may actually be in the opposite direction; i.e., many American businesses get valuable assistance from the USEACs, but then never report back on their eventual successes. “Some companies, especially here in the West, are very suspicious of the U.S. government. They’re afraid that we’ll share information with the IRS,” he says, though the USEACs don’t do that. “We’re still not that good at tracking our successes,” Craven says.

### **The Foreign Service As Anomaly**

There are only 220 FSOs out of 1,800 Commercial Service employees — and 35,000 Commerce Department employees.

But, says Eric Sletten, “We’re very highly valued by the department. Our officers, while they’re overseas, represent the Commercial Service, but they represent every other element of this [Commerce Department] building. If NOAA [the National Oceanic and Atmospheric Administration] needs something, we’re the go-to guys. That makes us a good value. People get a lot from us for a relatively small amount of money.”

When they are posted overseas, Sletten says, commercial officers “identify as much with State as we do with Commerce.” Most Commercial Service officers are stationed in embassies and consulates, and all serve under their ambassador’s authority.

In the 1980s, during the first years of the Service, there were often tensions between the CS and State’s econom-

***Small firms need an unusual combination of luck and perseverance to break into a foreign market. But FCS can make the process less random.***

ic officers. “That doesn’t really exist any more,” Sletten says, though he complains that in a few of the largest U.S. embassies in Europe, commercial officers are effectively excluded from the country team. “Those few posts in Europe are exceptions,” he emphasizes.

Though the duties of commercial officers and State’s economic officers may sometimes overlap, Craven says, “When a problem comes up, the rule of reason tends to prevail. The person best qualified to deal with it tackles the job.”

While commercial officers abroad are definitely part of the embassy community, Sletten says, “We exist in three cultures: a State culture, a Commerce culture and a private sector culture. ... The commercial officer has a lot more hats to wear than the average State officer. We have to do the vast majority of our own personnel work. We manage our own budgets and procurement. We typically manage FSN staffs that are much larger than State staffs.”

To find people who can meet these challenges, the Commercial Service has over the years developed an “assessment” process for hiring new officers. The assessment includes a set of exercises similar to the State Department oral exam, plus evaluation of qualifications and previous experience in international trade. Commerce doesn’t use the Foreign Service written exam.

Most recruiting is done at the FS-4 or FS-5 level, though occasionally Civil Service employees are brought in at higher FS ranks. The Commercial Service hires about 10 to 15 FSOs a year, and hopes to hire even more in 2003.

The U.S. and Foreign Commercial Service — particularly its Foreign Service component — certainly faces lots of challenges: terrorism and security risks, rapidly changing technologies that threaten to make old ways of doing things obsolete, and a tight budget that could be made even tighter by State and OMB demands.

But the survival and continued vitality of the Service are not in doubt. As long as the United States remains an exporting nation, it will continue to value the domestic and overseas components that make the Commercial Service a key part of America’s strategy for economic prosperity. ■

# PIANO PLAYERS IN A MARCHING BAND: FCS OFFICERS



Jeff Moores

**W** AFSA's FCS VICE PRESIDENT COUNTS THE WAYS THAT FCS OFFICERS ARE DIFFERENT FROM THEIR FOREIGN SERVICE, CIVIL SERVICE AND PRIVATE SECTOR COLLEAGUES.

*By PETER FREDERICK*

When I am asked to describe the way Foreign Commercial Service officers — the Foreign Service component of the Department of Commerce — are regarded within that agency, I draw on my experience as a musician for an analogy. A piano player in a college marching band is indeed unique, and perhaps not fully appreciated. And even though he or she is as accomplished a musician as the others are, the choice of instrument is off-putting at best.

We in the Foreign Commercial Service can well identify with that analogy. Even though FCSOs have demon-

strated skills equal to those of FS personnel in the other foreign affairs agencies, there is something about them that is different from the rest of the Foreign Service, the rest of the Commerce Department workforce, and our counterparts in the private sector. I'd like to address each of those comparisons in turn.

### **“Another” Foreign Service?**

When serving overseas, FCSOs work closely with our other Foreign Service colleagues to accomplish the mission's objectives. International understanding and cordial relations with our host country are important. However, the profit motive and business success are our principal motivators.

The relationship between State and Commerce has always been clear on paper, even if it has not been consistently implemented. A memorandum of understanding carefully crafted by the two agencies in 1982 guarantees FCS personnel a respected position on the country team and specifies that the senior commercial officer at post is supposed to be the ambassador's prime confidant regarding commercial issues. At least that is the message Commerce gives new SCOs. Yet a few years ago, the Secretary of Commerce sought to explain the agreement to the ambassador at a large embassy and request more careful concurrence with the precepts in regard to the role of the SCO. To paraphrase the secretary's response after meeting with the ambassador, the ambassador was well aware of the MOU and equally aware that she could manage the post as she wanted regardless of that guidance.

The fact that the agreement has not been formally modified in the last 20 years could be because: 1) It's difficult, if not impossible, to negotiate any documents with

***FCS is the only federal government agency that offers the same service to its clients anywhere in the world.***

Commerce; 2) State and Commerce officials in Washington think all is well, so there is no need to change the agreement; or 3) FSOs and FCSOs in the field have developed a professional working relationship without need of an MOU. Whatever the reason(s), this isn't the first case where those who do the heavy lifting do it best without close supervision.

Many embassies have formed a Commercial Team (also sometimes known as the Ag-Econ-Commercial Team or the Econ-Commercial Team). Regardless of the name, the team consists of the State economic counselor, the Foreign Agricultural Service officer and the Foreign Commercial Service officer. It has been my experience that the econ officers take the lead on economic reporting and direct negotiations with the host country government; the agriculture officer is responsible for policy issues and promotions related to agricultural products; and the FCSO takes lead responsibility for trade promotion and outreach to the business community (e.g., the American Chamber of Commerce, importers' associations).

It is a classic interagency group with the same problems found in its larger “cousins” within the Beltway. Since the team has no official charter or MOU, it works only if the three agency representatives agree on responsibilities and lead/back-up roles. But when it works, it works well: there has been a consensus among those with whom I have served that trade promotion events organized by FCS are much more enjoyable than treaty negotiations, summit meetings or VIP visits.

For example, the FCSO may get credit for assisting an American-invested company with its first major sale, though that may not have been possible without the economics officer having successfully negotiated a market opening agreement with the host country. And although there are specific agreements between Commerce and Agriculture covering the market promotion of beer, wine, freshwater fish and saltwater fish, I have been accredited to nine embassies and have yet to learn officially which agency is designated to do what. We just always did what needed to be done, often without official guidance.

Even when the agreement is faithfully observed,

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*Peter Frederick is AFSA's Vice-President for FCS. An FSO since 1982, he has served in Canada, Australia, Korea, France, Sweden, Finland, Estonia, Latvia, Lithuania and Washington, D.C. He was also the first career FSO to serve as deputy assistant secretary of Commerce. Prior to joining FCS, he was a country manager for E.I. Dupont in Argentina.*



there can be certain disconnects. Our State colleagues at times are puzzled by why we spend so much time at trade shows working the crowds and why we have the authority to manage our own finances distinct from the embassy's administrative section. And chiefs of mission, especially non-career appointees, sometimes find it difficult to relate to an SCO who has as much (if not more) visibility in the host country as they do. I once had the honor of serving with an ambassador who was approximately my height and also had white hair and wore glasses. After he appeared on a national TV show, I received numerous congratulatory messages and thumbs-up from passers-by. I mentioned to the ambassador that I did not want him to think I was trying to steal his "glory" by impersonating him. He assured me that his only concern was how to respond to the questions he had suddenly started getting about customs clearance procedures!

FCSOs are truly unique within the foreign affairs community.

### **Back Home at DOC**

FCSOs work closely with their Civil Service colleagues in the Commerce Department to form the only federal government agency that has the same objectives domestically and internationally and offers the same service to their clients anywhere in the world. Our primary objectives are to help American-invested companies find fiscal success internationally, increase employment by increasing U.S. exports, and defend and protect U.S. business interests. Our clients — "rating officials" — are numerous, including American providers of goods and services, distributors of American products and services worldwide; and host-country importers and consumers of American products. (To be politically correct, I should also include the country team and DOC, and Congress on the list, as keeping them happy is at times even more important.)

Yet while we serve many masters, and the list of services we provide is long and impressive, all of our "bosses" are looking for the same result: did we close the deal? In that respect, our job is easier than that of our State colleagues, who also have several masters but with different (and sometimes conflicting) priorities. Some might even suggest our job is more fulfilling than others in the Foreign Service since we seek concrete

results, sometimes literally. It may take years of negotiations to win a major power project, but when the concrete is poured, there can be no doubt that the deal was closed!

Yet while we share the same objectives and provide the same service as do our domestic offices (now called Export Assistance Centers), there are obviously some differences in perspective between the 240 Foreign Commercial Service officers assigned to over 140 embassies and consulates and the approximately 37,000 civil servants in Commerce who work throughout the United States. For example, our GS friends wonder why we in the Foreign Service are willing to move every three or four years to a different country, learn a different language and perhaps even a different way of doing our job. And when I tell friends within the Beltway that my children did not live in the same place for as long as four years until they went to college, they respond with the look normally reserved for mean-spirited parents. Every director general of the US&FCS tries to bring the two groups closer, but it is a difficult task. We have different personnel systems and a different award and promotion structure.

Another factor is our management, which often has neither Civil nor Foreign Service experience. There is an unwritten rule in Washington that equates the number of political appointees in a department with the total number of employees; thus, the larger the department, the more political appointees. This practice has a particularly harmful twist within DOC, due to the scarcity of divisions where political appointees can be assigned without seriously impeding the agency's work. For example, approximately half of all DOC employees are part of the National Oceanic and Atmospheric Administration. Because it is necessary to know something about science to understand what those organizations do, let alone to manage them effectively, there aren't many political appointees in NOAA. The same is true of the Census Bureau and many other divisions within Commerce.

Consequently, disproportionate numbers of political appointees end up in senior positions in organizations like the International Trade Administration even though they may never have met a payroll, sold a product, met a budget or managed more than a few employees. Similarly, the FCS Director General position has been a "training slot" for the past 20 years. Several

## F O C U S

DGs were quick studies, but others weren't. We have had DGs with two or three years of Foreign Service experience and others who literally didn't even have a passport when they were appointed. Yet virtually every DG has instituted new programs, very few of which survive his or her departure. (At one point we were changing logos and names on an annual basis.) So perhaps this is yet another reason FCSOs are unique within the foreign affairs community

### **Private vs. Public**

Then there is the private sector. When the Department of Commerce first advertised in the *Wall Street Journal* over 20 years ago for FCSOs, it described the duties as similar to those performed by

***It may take years of negotiations to win a major power project, but when the concrete is poured, there can be no doubt that the deal was closed.***

the country manager for a multinational corporation. In fact, many of the commercial officers that joined the FCS in the 1980s were former country managers for Fortune 500 companies, where they had been responsible for the profitable use of fiscal and human resources. Adjunct to that responsibility is the authority to manage available resources to position the company and its products in the local

market. FCSOs do all that, not just for one company but for all that ask for assistance.

But there are several significant differences. While private-sector managers have some ability to select and reward their workforce, in most cases, an FCSO must work with FSNs hired by his or her predecessor and depend on embassy awards panels or selection boards

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## F O C U S

to reward the staff. In addition, if the private-sector manager is successful, the results are obvious and the rewards significant. If unsuccessful, the reverse is also true. But successful FCSOs will get a good employee evaluation report, letters of commendation from the businesses they have helped and perhaps recognition from the promotion panel. If unsuccessful, they may still get a good EER but probably nothing from the selection board.

As close as our professions are, our private-sector colleagues sometimes question why we would accept a job that requires knowledge of so many markets in different regions of the world, having little control over where we will live, all for, relatively speaking, so little money. I hasten to point out that every several months

***Every director general  
of the US&FCS tries  
to bring the Foreign  
Service and Civil Service  
components closer,  
but it is a difficult task.***

I get a call from one of my private-sector friends, asking if we are hiring! FCSOs are unique within the business community, too.

Perhaps the one attribute we share with the rest of our colleagues (Foreign Service personnel, GS employees and the private sector) is pride of service. The collection of success stories distributed by FCS includes numerous examples of

FCSOs who have been instrumental in closing a particular deal, or making a company's international operations viable. We have done some good for our clients around the world and the American economy (as have many FSOs, of course). So we are proud to be part of the Foreign Service Marching Band, even if at times we would consider trading in our piano for a piccolo. ■

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# GOING GLOBAL WITH THE U.S. COMMERCIAL SERVICE



**T**HE U.S. COMMERCIAL SERVICE HELPS U.S. BUSINESSES, PARTICULARLY SMALL AND MEDIUM-SIZE ONES, SELL THEIR PRODUCTS AND SERVICES GLOBALLY. **HERE'S HOW.**

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*BY MARIA CINO*

here are some 23 million small businesses in the United States, but only about 1 percent of them sell their goods outside the country. Fortunately, the number of businesses that export is increasing, more than tripling in the past seven years.

This is good news for the U.S. economy. Exports are key to economic growth. U.S. exports accounted for nearly 25 percent of economic growth experienced in the past decade. One out of 10 American jobs and one in five manufacturing jobs are supported by exports. Altogether, about 12 million U.S. jobs depend upon exports. And

exports mean not only jobs, but better-paying jobs. Workers in jobs supported by exports receive wages 13 to 18 percent higher than the national average. High-tech industry jobs supported by exports pay even more.

That's why increasing U.S. exports is so important. The U.S. Commercial Service helps U.S. businesses, particularly small and medium-size companies, sell their products and services globally. We do this through our worldwide network, which includes 108 U.S. Export Assistance Centers and more than 150 international offices. Last year, the U.S. Commercial Service helped U.S. businesses generate export sales worth more than \$23 billion. During the same period, our international staff met one-on-one with 78,400 companies.

### **How the U.S. Commercial Service Works**

Exporting is by no means as easy as selling to customers in your own backyard, however. U.S. business owners need to carefully target the best markets for their products and then be prepared to deal with cultural differences, unfamiliar labeling standards, customs issues and a host of other challenges. Help navigating the process of making their first international sale can make a world of difference to a small company. That's where our worldwide network comes in.

I tell businesspeople who are interested in exporting to make their first stop their local U.S. Export Assistance Center. There, an international trade specialist will assess the company's export readiness, pinpoint the assistance needed, and help the company develop a plan for reaching their export goals. These specialists have access to a vast amount of market research; if more information is needed to answer highly specific questions about particular markets and products, they can request customized research from one of the 1,800 U.S. Commercial Service specialists around the world.

That's how our client Greg Mariscal of Van Nuys, Calif.-based Hirsch Pipe & Supply Company started

***The number of U.S. businesses that export has tripled in the past seven years.***

his export business. Mariscal suspected there were good markets for Hirsch's plumbing fixtures. "People will pay a premium for 'made in the USA,'" he notes. But he had little practical knowledge of the export process. He began by calling his contacts in the industry for advice.

Almost immediately, he was directed to the Los Angeles U.S. Export Assistance Center. "I asked them a lot of questions," Mariscal recalls. "I was starting from scratch."

Since the key aspects of any transaction are identifying a market and a buyer, this is the general focus of much of what we do. Our officers and Foreign Service National specialists in-country — we have offices in 160 cities located in 82 countries — identify distribution channels, promotion practices, key competitors, pricing, market trends, and more.

### **New Directions**

One of my primary goals for the U.S. Commercial Service has been to raise the agency's profile so that we can reach even more U.S. businesses. In the last year, we've ramped up our marketing efforts and dramatically increased our outreach to the media, both in the U.S. and overseas. We've also worked extensively with elected officials — mayors, congressional representatives, governors, etc. — to help them reach out to their constituencies about the benefits of exporting.

I've also started a new program, the Export Achievement Certificate, to recognize the accomplishments of individual exporters. The certificate recognizes companies that have used our services to make their first export sale or make a sale to a new international market.

Another top priority is using technology to make exporting faster and easier for small U.S. businesses. Business is all about relationships — but for small businesses with limited travel budgets, relationship-building isn't just important, it's expensive. Technology can help. Of course, neither DSL lines nor videoconferencing equipment, no matter how advanced, can replace face-to-face conversation. Small businesses that want to be successful overseas will always be frequent flyers. But Web- and video-based services can make for a low-cost, high-return

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*Assistant Secretary Maria Cino is the Director General of the U.S. & Foreign Commercial Service.*

**ANCIENT FORMULAS' SPECIAL BLEND**  
*Traditional Persian Remedies and 21st-Century Business*

**T**radition is important to Mark Aghakhani. He is the president and founder of Ancient Formulas, Inc. a Wichita, Kan. company that does good business doing things the old-fashioned way — in this case, manufacturing food supplements based on ancient Persian formulas. Explains Aghakhani, “Modern medicine can’t answer everything, and these remedies have been time-tested for 2,000 years.” But he’s used 21st-century e-commerce to take his traditional products to the world marketplace: *BuyUSA.com*, the Commerce Department’s online marketplace.

He founded the company in 1984 with one product: a natural remedy for high blood pressure. Since then, the product line has grown to 98 remedies and the company now sells to doctors and health food stores across the U.S. and overseas. Ancient Formulas has always been a family affair, and is still a small business with only five employees.

How did traditional Persian remedies travel to the American heartland? Actually, Aghakhani says, it was his mother’s idea. In the early 1980s, when Aghakhani purchased a home health care company, his mother suggested that he try natural remedies from the family’s native Iran for the patients’ most common ailments.

Aghakhani went to Wichita’s Center for Human Functioning, a clinic for alternative medicine. There he met Dr. Oscar Rasmussen, who agreed to do a clinical study of his blood pressure remedy. When it proved effective and doctors expressed interest, Ancient Formulas was born.

Aghakhani occasionally got international inquiries, but a last year he decided to take a more proactive approach to ratchet up his international sales. “We have a market niche,” he says. In many parts of the world, consumers are more receptive to alternative medicines than in the U.S. International Trade Specialist George Lavid of the Wichita U.S. Export Assistance Center introduced him to *BuyUSA.com*. Aghakhani soon signed up.

“BuyUSA is a good service,” he says. “If you stay at it and respond to requests quickly, you can achieve more, faster.” He has made sales to Japan, Malaysia and Australia, and thinks that the entire region may hold promise for his company. “I’ve gotten tons of requests,” he says.

His advice to other U.S. entrepreneurs? “Definitely go international.” Especially with a niche product like his, Aghakhani notes, “there is more competition domestically.” Plus, he adds, “‘Made in the USA’ is an advantage overseas.”

Ancient Formulas has long since outgrown the Aghakhani family kitchen, and Aghakhani says his next steps are to continue to build his company’s capacity. “I have so much back order you wouldn’t believe it,” he says. But the company will remain a family business. Ancient Formulas’ success proves that with e-commerce, you don’t have to be big to be global — and that it pays to listen to your mother.

way for our clients to explore international markets and find new customers.

Our e-marketplace, *BuyUSA.com*, is one such tool. We collaborated with IBM to create this virtual marketplace, which was launched in October 2001. The site allows U.S.-based companies to promote their products online and locate new foreign buyers and distributors. International businesses can view product catalogs and background information on U.S. companies that have been pre-qualified by Commercial Service trade experts. Small exporters are already reporting large contracts with international buyers and distributors as a result of their *BuyUSA.com* subscription.

**Finding the Right Guy**

New Jersey exporter Rocky Hadzovic found a new distributor for his line of “Hollywood USA” body sprays, creams, baby products, deodorants, and shampoos using *BuyUSA.com*. And his success came in a market that many small companies find challenging — Nigeria. Hadzovic says the only way to succeed in difficult markets is “to find the right guy.”

“Having the American embassy check out a buyer is the best way,” he says. With support from our staff in Nigeria, Newark, and on *BuyUSA.com*, Hadzovic sold \$28,600 worth of products with a \$60,000 follow-on order. He’s signed a contract with the distributor and expects more sales to follow.

One of our most popular products is our Gold Key Service, in which Commercial Service officers screen and investigate potential agents or distributors for a U.S. company, then schedule appointments for the visiting American businessperson with the best prospects. A videoconference version of this service is available for those who do not have the time to travel. While the Video Gold Key is not a substitute for a country visit, the service is a good solution for companies unable to visit a promising market immediately. It’s also a good way for a new-to-market company to get its feet wet in an untried market without investing lots of time and money.

Just as in the “live” Gold Key Service, U.S. companies have access to the expertise of commercial officers who hand-pick promising potential distributors, partners, and agents. However, meetings are conducted via videoconference, with the Commercial Service offices in the U.S. and the foreign market handling all

## Excel Holdings: Distilling Export Success Out of Thin Air

**H**isham Fawzi sells a machine that produces water out of thin air. It sounds like science fiction, but the Water Finder is real, affordable, and quenching the thirst of customers around the world. For Fawzi's company, Excel Holdings of Leesburg, Va., 2001 has been a very good year. In the past six months, Fawzi has made sales of \$35 million and \$50 million, and now has distributors covering 13 international markets.

And right now, he's dealing with a problem that most businesses would love to have. "My product is easy to sell, but it can be difficult to meet the demand," explains Fawzi. He maintains rigorous customer service standards, and recent sales are keeping his distributors busy. "Korea is begging" for the Water Finder, he says. But Fawzi is trying to build his international business slowly — if \$85 million in recent sales can be called slow.

Fawzi acquired the original patent from a Florida inventor who came up with the machine's basic design. He then worked with the University of Maryland's environmental engineering department to improve and refine the Water Finder; he now has six pending patents and has developed a larger version, the Aquasphere, that can produce 5,000 gallons of pure drinking water a day.

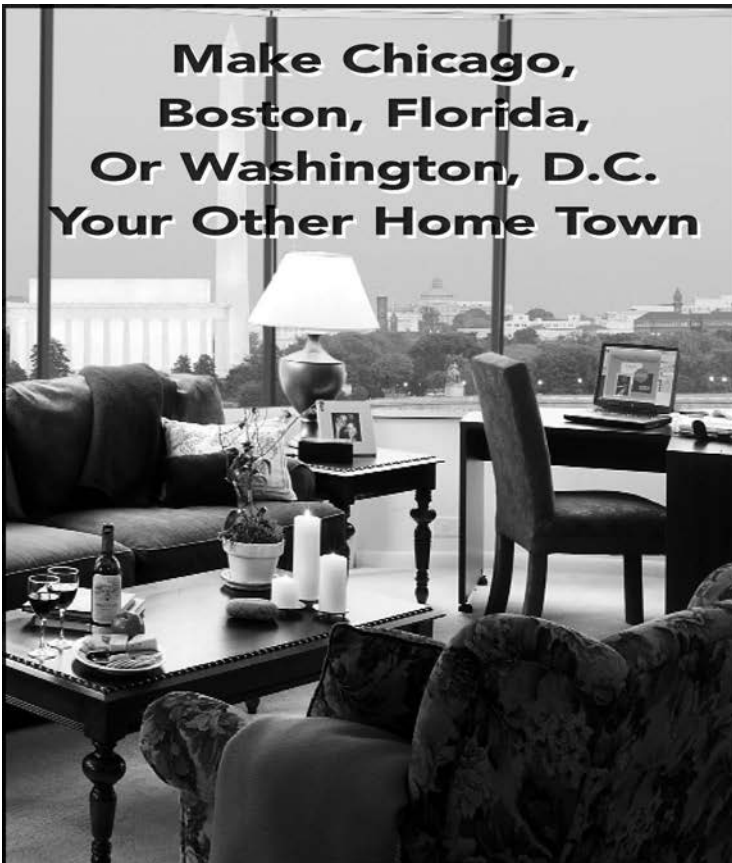
Because Fawzi relies on his distributors not only to make sales but also to provide ongoing customer care, "it's crucial to find the

right distributor. If they fail, I fail," he says. Fawzi's insistence on the most qualified and reliable distributors led him to the U.S. Commercial Service and its Northern Virginia U.S. Export Assistance Center. There he learned that trade experts both at the Center and in the international markets he was considering could help him make the contacts his business needed.

Trade specialist April Redmon suggested that Fawzi use a Gold Key Service to enter the Asian market. Commercial Service officers in Singapore identified promising potential distributors and set up meetings for Fawzi with the best prospects. "The Gold Key makes things much easier," says Fawzi. "I feel stronger when I'm selling, and the buyer senses that legitimacy." The result? A distributorship agreement that covers the entire region and includes sales of \$50 million. Fawzi went on to do a Commercial Service-supported trade mission and show in Mexico — "our booth was really crowded," he remembers of his first trade show. Again, big sales resulted.

Fawzi's advice to other U.S. businesses is to set a goal and then get out and sell. "Respect for U.S. products is strong, regardless of politics," he says. Yet too many U.S. companies, according to Fawzi, are apprehensive about selling globally. Instead, he urges them to "get out there."

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## **To China & Beyond**

### ***Building Export Dreams with the Commercial Service***

**M**aureen Russell got into the building materials business in 1975, when she went to work for a local materials distributor. But her greatest challenge came 10 years ago when she bought the R. M. Waite Company, a small roofing and building materials distributor based in Oakland, Calif. Most of the company's international sales went to Asia, and the financial crisis saw export markets deflate and overseas sales slow.

That's when Russell turned to the government for help diversifying and strengthening her export markets. Her first stop was the Center for International Trade Development, an initiative of ED>Net, the California Community College Economic Development Network. There, Director Richard Soyombo introduced her to the U.S. Commercial Service, a Department of Commerce unit that provides global business solutions to U.S. companies. With offices in more than 100 locations across the country, CS works closely with other local, state and federal trade assistance agencies.

Russell entered an international business training program led by International Trade Specialist Stephen Johnson of CS San Francisco and assisted by Soyombo of CITD. Part of CS's Global Diversity Initiative, the six-month training program is held in business centers throughout the U.S. and covers the logistics of international trade: distribution channels, finance, transportation, e-commerce, and documentation. As an experienced exporter, Russell didn't know what she'd get out of the program. But she was surprised by how much there was to learn. Soon she was experimenting with new methods and sources of financing, like those of CS partner Export-Import Bank.

With these new tools in hand, Russell turned to new markets. Working with International Trade Specialist George Tastard, also of CS San Francisco, Russell began to explore a market many small-business owners find daunting: China. One of the first things Russell learned about doing business there was the importance of relationships. She built contacts with Chinese buyers, and continued to work closely with her network of CS export specialists. George Tastard introduced Russell to commercial officers in Beijing, who provided their unique brand of on-the-ground know-how to speed the company into the market. And when Russell's Chinese customers had difficulty getting visas to visit the U.S., Tastard put Russell in touch with Congresswoman Barbara Lee, D-Calif., to sort out the issue. Now, 80 percent of R. M. Waite's exports go to Asia, generating approximately \$2 million this year.

the set-up and tech support. All the U.S. businessperson has to do is show up and present the product.

We also give U.S. companies the option of participating in virtual trade missions, which for some companies are an easier and less expensive way to investigate an interesting market than a traditional trade mission. And, as with traditional missions, there are advantages to working in a group. U.S. companies can network with and learn from other delegates, who generally are not competitors.

One virtual trade mission introduced seven U.S. franchisers to more than 40 companies in India that were interested in purchasing master franchises. Commercial Service offices in Atlanta, New York, Louisville, Dallas, San Francisco and Little Rock hosted the U.S. companies and linked via videoconference to the audience of Indian

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businesses.***

franchisees in Mumbai. The U.S. and Indian companies could display products, ask questions, and get to know each other; deals were closed later, either offline or in person.

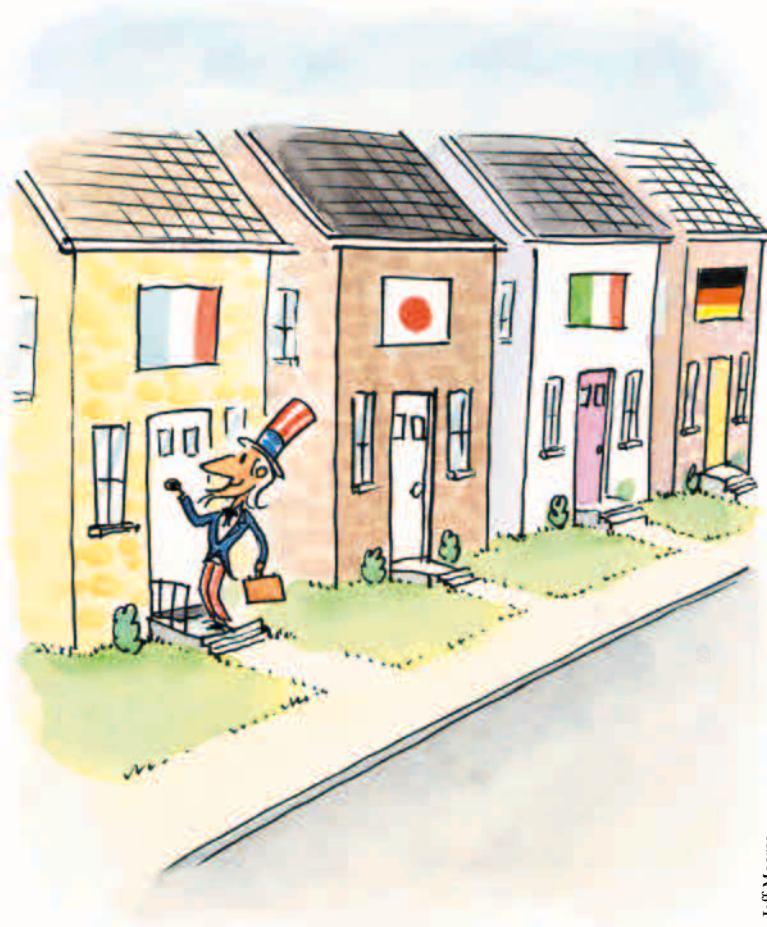
The vast majority of U.S. exporters are small or medium-size businesses. Exporting makes good business sense for these companies — having customers around the world can insulate a company against market turbulence and seasonal

fluctuation. These advantages often translate to higher rates of growth, increased profitability, and overall healthier businesses.

This is an excellent time for U.S. businesses to find new customers overseas. We at the U.S. Commercial Service are working harder than ever to help them do it. ■



# TWO DECADES ON THE ROAD LESS TRAVELED



Jeff Moores

**B** THE CREATION OF FCS WAS FAR FROM PAINLESS, BUT OVER THE PAST 22 YEARS IT HAS MADE SUBSTANTIAL PROGRESS. NOW IT MUST CONTINUE ON THAT PATH, USING NEW TOOLS.

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*By STEPHAN HELGESEN*

Back in 1980, as part of the Foreign Service Act, Congress voted to move the function of promoting the United States' commercial interests from the State Department to the Department of Commerce. This change led to the creation of the U.S. & Foreign Commercial Service.

This transformation was far from painless, but over the ensuing 22 years, our agency has made substantial progress. It has done so with the help of a cadre of career officers who care deeply about their profession and their agency.

FCS (as it was then popularly called) recognized that it needed mature officers to carry out an orderly transition and

make the new agency work. It helped that the State transferees shared their Commerce colleagues' belief that commercial work was challenging, rewarding and, I dare say, fun. They also brought with them something very important that most DOC employees did not have: an understanding of the workings of the State Department.

To find experienced businesspeople to round out the ranks, FCS launched a major recruitment drive. (For example, I found my way into the agency by answering an ad in the *Wall Street Journal* in 1982.) Hundreds of applicants from private industry, academia and the Civil Service took an entrance exam and underwent the year-long assessment process, including background checks, medical exams and training.

That was the easy part. The real challenge of organization-building began as we 'outsiders' from America's private sector strove to retain our exuberance, enthusiasm and creativity, while assimilating into the mainstream of the bureaucracy — to 'morph' into a new kind of public sector/private entrepreneur life-form. FCS's goal was to show America's small businesses that we were program-oriented commercial activists; that we talked the talk and walked the walk of business. Sure, we were expected to know about trade policy, but more importantly, we were tasked with making the cash register ring, overseas.

### **Learning to Live with State**

FCS patterned itself after State's organization. For example, we copied the 'desk officer' concept and established our own personnel division (now called the Office of Foreign Service Human Resources), separate from the Commerce Department's office. Because of costs, we (like many other agencies with a significant overseas presence) asked State to handle our administrative needs. This step brought us into its orbit and ultimately, under its control.

During the first few years of FCS's existence, both State and Commerce got along fairly well. Through working together, we learned more about each other and, I would say, learned to respect each other, too. Yet there were some drawbacks to being tied too tightly to State's

apron strings. Several of us have likened our situation to "being employed by Ford Motor Company, but seconded to work in General Motors' headquarters" (i.e., taking our daily direction from State's post management, but ever mindful that Commerce pays our wages). This divided loyalty created (and is still creating) significant operating challenges for many of our officers the world over.

Not long afterward, it became clear that State regretted its decision to give up the commercial function, and it made periodic attempts to wrest more of our work from us. Deputy Secretary of State Larry Eagleburger's 1989 "Bill of Rights for American Business" speech (given at an AFSA-sponsored conference celebrating the State Department's 200th anniversary) — later sent to all chiefs of mission as a policy telegram — seemed to sum up State's desire to take back the lead role in promoting U.S. business overseas. [See sidebar, p. 41.]

None of us at FCS could really blame State for this power grab; after all, they were scrambling to find a solid constituency that would help them fight for more funding on the Hill. And what better group for that purpose than American business — who could be relied upon to argue that whoever provided them with commercial assistance was indispensable? Those were truly times that tried commercial officers' souls. Our own management was demanding that we spend every waking hour helping U.S. businesses succeed overseas, while we in the field were busy being diplomats in our own backyards, trying to please our post management and, I regret to say, spending considerable time and energy protecting our congressionally-mandated turf.

But we made it through those years, and we learned some important lessons in the process. We learned that Commerce and State really did need each other and that if we spent more time working together, it would benefit us both. We also learned to engage our ambassadors (and some engaged themselves) in our programs and to push them out front to do advocacy work. We found that many non-career ambassadors were our natural allies in this effort since they often came from successful private sector careers.

Unfortunately, more than a few post managements see commercial work as a kind of movable feast that can be passed around to other mission elements as they see fit. So, instead of leading the charge, we have become the "B-team" in some posts, supporting those with lesser experience or competence. Whether this is done by choice or

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from fear of being accused of being poor team players, it has resulted in a lowering of FCS's status at some posts. But we should remember that there is a natural ebb and flow to life in the foreign affairs agency community. To succeed, we must realize that our job occasionally demands the acuity and dexterity of a circus juggler, spinning plates at the end of a stick. We must put several in motion and constantly run up and down the line to make sure none of them falls. We cannot afford to let even one drop, for we are constantly being judged by somebody. And that brings me to employee evaluation reports.

### **Too Many Cooks**

The average senior commercial officer has four raters/reviewers: the DCM (rater) and the ambassador (reviewer) at post, and the regional manager (rater) and the deputy assistant secretary for international operations (reviewer) back at FCS. With so many people to please (not to mention the hundreds of businesspeople who write letters about our performance) it's a wonder we can choose a productive course of action and then dare to take it! As 'Honest Abe' said, "you can please some of the people all of the time, and all of the people some of the time, but not all of the people all of the time."

Here are a few possible solutions:

- We should eliminate the DCM as our rater and make the ambassador's review of our performance the sole statement coming from the mission. (This is realistic since the COM has the last word from post management's side anyway.)
- We should do more of our own administrative work and lessen our dependency on other agencies. (We're already heading that way as we opt out of more and more admin services, so we might as well make a clean break and tailor the system to meet our specific needs.)
- We should encourage more frequent visits from our regional managers to post so that they have a clear picture of the challenges we face. (This is important because situations can change rapidly.)
- We should continue to support our officers in the field with clear statements of policy and purpose for each individual post, and we must make a concerted effort to

***Our job as commercial officers occasionally demands the acuity and dexterity of a circus juggler, spinning plates at the end of a stick.***

apprise our State colleagues in Washington of them.

### **The Role of the FCS Director General**

We have been lucky to have had a few good directors-general leading our organization during the past two decades. While some had very pointed, single-issue agendas, others have positively influenced our lives and work. They have fought for us — and, yes, occasionally fought *with* us. They have allowed us to explain our visions even if they did not always share them. Some have understood what makes commercial officers tick even if they didn't take the time to check our "main-spring" and ask for our opinions.

### **A Bill of Rights for American Business**

Deputy Secretary of State Lawrence Eagleburger, from a speech on the subject of "American Business and Government in a Turbulent World" given in the Benjamin Franklin Room of the State Department on Nov. 30, 1989:

"My message to you today is that we are going to do everything in our power to see to it that the State Department is your friend and ally. In this spirit, I would like to leave you this afternoon with what might be called a 'Bill of Rights for American Business.' It tells you what you can expect from the Department of State. You have a right:

First, to have your views heard and considered on foreign policy issues that affect your interests;

Second, to be assured that the ground rules for the conduct of international trade are fair and non-discriminatory;

Third, to receive assistance from well-trained and knowledgeable trade specialists in each overseas mission;

Fourth, to receive sound professional advice and analysis on the local political and business environment;

Fifth, to receive assistance in contacts with key public and private-sector decision-makers;

Sixth, to the 'active promotion' of U.S. firms in international bids, and where more than one U.S. firm is involved, even-handed support for all interested firms; and

Seventh, to receive assistance in achieving amicable settlement of investment and trade disputes, and in the case of expropriation or similar action, to obtain prompt, adequate, and effective compensation.

If you are not getting this type of assistance now, let us know. As long as I am in this job, I intend personally to see that you get the response you need when calling on this department and your overseas embassies for support."

In general, they have streamlined our operations, applying modern management techniques to make us more productive. They have introduced such concepts as Total Quality Management, Centers of Excellence, and Best Practices as well as created mathematical models for post resource allocation.

They have held our feet to the fire and demanded we document our successes through the submission of “success stories.” To their credit, they’ve used them on the Hill to get us more money. That’s the good news.

The less good news is that (as this magazine goes to print) we still don’t have a signature on our assignments policy/procedures proposal — a critical document developed 18 months ago to make our personnel system more equitable and professional. Without it, we will continue to live under a highly subjective system that allows unreasonable latitude in the assignments process and can encourage abuse. Friends have told me that negotiating with Commerce is not “Mission Impossible,” but it is extremely difficult to reach a consensus because of the “stakeholder problem” (non-career DGs are only with us two to three years). To be fair, however, this attitude seems to exist irrespective of the political stripe of the occupants in the office. Many believe it’s a natural attitude for people who aren’t long-term stakeholders in our service (as the directors general of other agencies’ foreign services are). So what to do?

For starters, we need to sell our message better to our higher-ranking officers and encourage them to risk a trip up to Commerce’s front office on our behalf — to become visible advocates for change. While recognizing that dialogue is always better than diatribe, we must prepare cogent arguments that can persuade the reluctant to become even temporary stakeholders. As such, we will ensure a sense of mutual ownership of the issues and some real responsibility for their solution. This is a tall order, but I’m convinced we can make it happen, together. In short, if we are to succeed in our own department, we must be able to count on the DG as “one of our own,” who will fight for the support we need to run a professional corps of officers.

### **The Next 20 Years**

With the advent of computerization, e-mail, Web sites, videoconferences and the like, we are well on our way to becoming a true 21st-century organization. So is everyone else, it seems. Our detractors would have you

believe that we can be replaced by a high-speed modem and a subscription to an Internet service provider — that most international business can be done electronically and that anyone can do it. While that may be the case for major financial institutions moving billions of dollars, it’s just not true for the hundreds of thousands of America’s small businesses whose needs are more modest but every bit as important to the U.S. economy. The same “information revolution” that made the Internet indispensable also gave us “information overload,” and is also making the job of sorting through that information essential. And who is capable of doing it efficiently in world markets at a reasonable price? We are.

While we still need to concentrate on the tool (the computer), we must keep focused on the craftsman (our professional organization). Both are vital to our success. Fortunately for us, our productivity has soared, and our ability to deliver valuable services to the business community has increased manyfold. We must continue on this path, not because it’s the prudent thing to do, but because it is the *only* thing to do. U.S. companies demand it of us and they demand that FCS remain a *people-oriented* business, one committed to finding solutions that are tailored to their needs. That said, we will need to train the next generation of already computer-savvy college graduates in the art of becoming effective, special generalists, people whose skill-sets cover a wide range of disciplines. To do that, we must provide adequate training slots in larger embassies for these men and women to grow and hone their skills under the tutelage of experienced officers.

We must fill vacant positions but not move inexperienced, first-tour officers into senior commercial officer jobs until they are ready. (It’s better to have multiple-country coverage than coverage that is too “experience-challenged.”) We must have a long-range vision and an equally long-range plan that encompasses personnel, programs and services. For the shorter term, it must cover at least a five-year period, not just the traditional, four-year “administration period.” We must think and plan beyond the election, beyond the next director general appointment.

To reach our goal of getting more companies to export we must engage more companies where they live. This means creating Stateside positions (for FS-1 and senior officers), as was once advocated but then forgotten. For example, we should appoint special commercial advisors

## F O C U S

to state governors, bringing the experience of seasoned officers back to America's home turf. We must also create a few roving commercial-ambassador jobs that give us entrée into university business extension programs, where we can motivate young executives enrolled in night-school and MBA programs to encourage their companies to export overseas.

We must convince our most senior minister-counselors to come back to Washington and serve at headquarters to improve the system with their knowledge and wisdom. Above all, we must remember that we are a service business, and as such, we will always be held to today's standards of performance and be compared to private sector companies.

***If we are to succeed in our own department, we must be able to count on the DG as "one of our own," who will fight for the support we need to run a professional corps of officers.***

If anyone thinks that we can make these changes alone, they are sorely mistaken. After all, no team can win if it feels it doesn't have the proper equipment or the support of the owners. So it will take a renewed effort on the part of management and labor to meet and discuss issues openly and honestly. And we will need the help of essential third parties like AFSA to provide their guidance and counsel to help keep the ball in play and the playing field level.

Finally, we must be proud of who and what we are, where we've been, and we should look forward to where we're going and what we can become as an agency. To quote Robert Browning: "Ah, but a man's reach should exceed his grasp, or what's a heaven for?" ■

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# FCS RECOLLECTIONS



A RETIRED FS OFFICER WHO “JUMPED THE SHIP OF STATE”  
REVIEWS HIS FCS EXPERIENCE. THE CONCLUSION? IF HE  
HAD TO DO IT AGAIN, HE WOULD.

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*BY JACK BLIGH*

A couple of years after the Foreign Commercial Service was formed, three or four of us who had moved over from State were discussing, perhaps wondering about, the future of our fledgling organization and why we had made the move. Someone opined, “Because we thought that we were going to run it!” If that was the primary motivation, we were quickly disabused of it. However, another motivation was surely that some Foreign Service officers found commercial work rewarding in its own right and chafed at the likelihood that, if they pursued it as a specialty at State, they were condemning themselves to subordinate positions in economic sections abroad and to who-

knows-what in the way of Washington assignments.

As I recall, when the establishment of the FCS was proposed, it was envisioned as a line and staff organization reporting directly to the secretary of Commerce. At the onset of the first Reagan administration, however, it was made a subordinate element of the International Trade Administration, itself merely a blip of 1,700 employees on the Commerce Department's 30,000-strong screen. Consequently, the FCS, headed initially by a director general of deputy assistant secretary rank, had little bureaucratic clout within Commerce, and not all that much more within ITA, whose other units were headed by assistant secretaries.

### **Appointing and Recruiting**

From the outset, I sensed that many divisions of DOC viewed the FCS as the overseas arm of ITA rather than of Commerce as a whole. And it did not make much sense that a unit designated "Trade Development" functioned separately from the FCS within ITA — except that keeping these entities distinct provided more opportunities for high-level political appointments.

The number of transferees from State, though more than either department expected, was far below the total required to fill all the officer slots Commerce had inherited. For the most part, it was decided to keep State FSOs then filling DOC positions in place until their tours were up. Of more concern to career FCS officers was management's decision to make direct appointments of persons of its choosing to the Senior Foreign Service. These appointments were to the minister-counselor level and nearly all to embassies in Western Europe.

The FCS embarked early on a recruiting and examination program, utilizing a format modeled after the

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### ***The big issues were the "reporting to" practice and employee evaluation writing.***

Assessment Centers employed by State. Unlike State, however, there was no Foreign Service Written Examination and the writing sample portion of the assessment was not heavily weighted. In fact, I always felt that our headquarters downplayed the importance of good drafting skills in the recruiting process. Perhaps because I had been in the first group of officers from State's Board of Examiners to use the Assessment Center procedure, I served on or chaired a number of assessments, in Paris, London (twice) and Washington (twice). The quality of people we assessed was often astonishingly high and, as I had experienced at BEX, I regretted how many we had to turn away.

### **Relations with State**

One of the most personalized aspects of the creation of the FCS was how officers of Commerce and State would and should relate to one another in overseas missions as one-time subordinates became equals. I suspect that, where both the senior commercial officer and the economic counselor were State, little changed. Otherwise, the big issues were the "reporting to" practice and employee evaluation writing. Although the legislation creating the FCS called for the SCO to report to the ambassador through the DCM, some posts tried to maintain the status quo ante, with the FCS officer reporting through the economic section and, effectively, to the DCM.

Commerce could, of course, have simply returned evaluations not written as the legislation required to bring the issue to the fore. FCS's attitude, however, was one of sympathy but little action, at least where it would do any good. Maybe that was just facing reality. Persons assigned to headquarters often complained that the modest grade levels given their positions when the organization was created meant that they were always bumping heads with persons of much higher rank when negotiating with other agencies. For their part, senior appointees were said to aspire to ambassadorial appointments and were therefore reluctant to rock the boat at State.

It was left to an officer in the field to file a grievance, ultimately successful, to remedy the situation. Despite its obvious implications, some FCS colleagues seemed more shocked than pleased at the action. The grievance pro-

cedure was new and that sort of thing “simply wasn’t done” in the minds of traditionalists. The issue, as I understood it, was whether a chief of mission was bound by legislation and by interagency agreement in Washington to institute the “through the DCM to the ambassador” regime. A sub-issue was whether FCS members could use the State grievance procedure. The Grievance Board not only accepted jurisdiction, confirming the Foreign Service status of FCS personnel but, to the surprise of everyone I know save one, held for the grievant. That should have been a landmark that resolved the problem worldwide. However, I am aware that the reporting problem existed at two large embassies in the mid-1990s, and maybe still does. I should add that I, personally, never had to confront the issue.

People outside of government may feel that civil servants are preoccupied with ranks and titles, but my experience in the private sector suggests that things are no different there. In the Foreign Service, especially abroad, an officer’s standing can determine access to information and decision-makers as well as the ability to obtain and employ resources; in short, it can determine the officer’s effectiveness. From the beginning, the SCO should have enjoyed the same diplomatic title as the senior economic officer, but State management fiercely resisted requests to accord minister-counselor titles to commercial officers.

### **Political Appointees**

In this case, having political leadership rather than careerists at the head of FCS paid off. The DG, by then enjoying assistant secretary status, used his contacts in his party and the Congress to get the requirement to upgrade SCO status at a few large embassies attached to a DOS funding bill in the late 1980s. I was in Bonn at the time and was one of those grudgingly tabbed; I can well remember a few weeks later receiving thanks for the DOC effort from the political counselor who may have been champing at the same bit, and who, along with several other section chiefs, had just been accorded the same status by State.

Despite its small size within the Washington landscape, ITA, especially in the early years, attracted an unusually high number of Commerce’s allotted political appointees. Few were interested in or qualified for positions in the Census Bureau or the National Oceanic and Atmospheric Administration, for example, but ITA dealt with the glamorous subject of international trade and no

specific background was necessary to qualify as a program manager. Overseas experience was not a widely-held strength.

As a consequence, programs and procedures were often mandated without reference to local market conditions and practices. For example, SCOs were required to clear their annual commercial plan with the in-country American Chamber of Commerce. There may be posts where the local Amcham’s primary interest is in promoting U.S. exports, but I never served at one. They were more likely interested in exporting to the U.S., lobbying for in-country advantages, or maybe, as in Canada, didn’t even exist. It was also automatically assumed that a trade promotion vehicle effective in one market could be lock-step implemented worldwide with equal effectiveness.

It is difficult to believe now, but one of the issues which dogged early SCO conferences was that of charging businesses for services. For some ex-State officers, including me, the thought did not sit well. Our private sector colleagues had no such qualms, however, and once we saw the opportunities for innovation and flexibility opened up by a locally-controlled revenue stream, almost all SCOs followed suit. Of course, we had an earlier precedent at hand if we had thought about how our consular sections operated.

### **A Strong Desk**

An operational feature that I missed most from State was the “strong” country desk. As I recall, no tasking message ever left Main State without a desk clearance and only a seventh-floor override could overcome the desk’s refusal to clear. In the FCS, I always benefited from having able and dedicated domestic colleagues in ITA handling issues and policy matters, but a totally separate office handled personnel, administrative and funding issues. Even then, if a question involved a core Commerce promotion vehicle, one or two other offices, reporting in turn to other assistant secretaries, might be involved. Tasking messages could arrive from a variety of sources and all originators clamored for, and most got, a piece of the SCO’s annual performance evaluation.

In this management-by-committee arena, work plans might nominally be cleared in advance, but the various DOC offices didn’t necessarily agree at evaluation time. The potential to be pointed in more than one direction was ever-present. If one of the mid-level political appointees, who seemed to crop up unnecessarily in working-level



positions, felt that his or her concerns had received short shrift — however irrelevant or impractical it might be in the SCO's market — then it could be woe unto the latter.

Shared experience almost certainly played a role in dealings between overseas posts and their desks at State. Most desk officers had field experience, many of them in the same country they were tracking. In that sense, I regarded State as dominated by the Foreign Service. This was certainly not the case at Commerce where, as I mentioned at the outset, FCS was not even the major player in ITA in terms of numbers. At DOC, overseas experience was a rarity, embodied primarily in those specialists who had worked at U.S. trade centers or in other overseas exhibition activities, few of whom were assigned to FCS headquarters.

***Despite its small size within the Washington landscape, ITA attracted an unusually high number of Commerce's allotted political appointees.***

In practical terms, this meant that SCOs spent an inordinate amount of time explaining to Washington how in-country conditions might require the nuancing of a core promotion program to make it effective, and sometimes why implementation wasn't even a good idea. A case in point was the low-budget trade mission program much in vogue at FCS headquarters in Washington in 1988-1989. It was without question a good

way to get small companies into markets that did not get a lot of focus, but in a country like Germany, where I was posted at the time, it made little sense. Germany boasted an annual array of trade fairs that touched practically every field of business endeavor. Some of these events drew as many as 6,000 exhibitors, with 2,500 the norm, and attendance reached as high as 700,000. Attempts to line up meetings in the FRG for trade mission participants were

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## **Germany: Excon and Reunification**

**T**he most compelling event during my career was the crumbling of the Berlin Wall, which marked a sharp change in the thrust of FCS interests during my tour in Germany. Pre-fall Germany, with a technologically advanced economy, had a legitimate interest in being able to import the latest in American know-how and products. But the country also bordered the Warsaw Pact, and diversion was a major worry. No one wanted to sign off on a recommendation for approval of an export license without visiting the end-user, but the funds for inspection tours were just not there. The end-users, at least the legitimate ones, didn't want to make a mistake that would render them ineligible to buy U.S. technology. This convergence of interests actually carried FCS Germany through a very bleak budgetary period.

In cooperation with Amerika Houses, business associations, and some large German companies, we embarked on a series of seminars for which we charged admission to cover staff travel and lodging. Three senior FSNs became widely-recognized in-country experts on the export control regime. Our bureaucratic justification for staging these events (somehow the reality of the situation was not persuasive!) was that they actually constituted an export promotion activity because we were helping firms to legally import American products. The revenues enabled us to combine objectives and visit companies at a time when our official budget would have kept us office-bound.

In 1987, for budgetary reasons, State closed Consulate General Duesseldorf and moved activities to Embassy Bonn. FCS faced the loss of our largest operation, along with some positions, and the prospect of abandoning one of Germany's most commercial regions. My proposal to keep most of the FCS staff in Duesseldorf, under a senior FSN, in a rented facility was accepted and worked fairly well for six years. But I doubt that anyone was more pleased than I when, in 1993, Commerce Secretary Ron Brown and Ambassador Richard Holbrooke reopened Consulate General Duesseldorf with an FCSO, then as now, as principal officer. The embassy was going to move eventually to Berlin and Commerce wanted its own post, but I tell myself that this would not have happened if the FSN cadre had not already been in place.

It is easy to forget that German reunification did not immediately follow the fall of the Wall. Between the two events, a sort of never-never-land existed in the East. Factories continued to produce for a while, though the influx of Western goods soon eliminated customers for their products and Eastern Europe could no longer pay in currency of value. Producers who did have a market in the West had no idea how to price their output (with the exception of bratwurst, a delicacy whose price reached the Western level overnight). What was readily visible to the eye

made it all the more difficult to understand why East Germany's collapse had not been widely foreseen.

After reunification, the Bush (George H.W.) administration gave strong support to an American private-sector role in the modernization and integration of the economy in the New States, as the Laender of the former East Germany were known. This emphasis brought FCS Germany into what was to be the most exciting activity in my career. Western German business tended to view the region as a preserve, which they could cartelize into uncontested opportunities for profit. They were sometimes encouraged along those lines by former Western politicians, who had moved in carpetbagger fashion into executive slots in the governments of the New States. Washington's aims and those of strong forces in German industry were obviously at odds.

Electric power generation became a key battleground in the competition. Tipped off to the opportunity by Commercial Attaché Steve Craven and FSN Volker Wirsdorf, a Midwestern U.S. firm went head-to-head with one of the FRG's strongest and wealthiest industrial powers. It was a competition lasting most of a year that included, inter alia, a secret strategy session in a vineyard restaurant; a ton of cables; phone calls beyond count; media interviews to counter false press releases about the financial stability and labor relations record of the American contender; foot-dragging in honoring requests for bid documents; and lots of reminding various officials of the benefits of competition.

Ambassador Robert Kimmitt beat the drum at the cabinet level, and USIS helped get the true picture of the U.S. firm before the public. Secretary of State Baker was also said to have done some "reminding." An acquaintance of mine and no fan of monopoly was, as president of a major German trade association, a member of Chancellor Helmut Kohl's group of private sector economic advisors. (We had been told that the chancellor tended to support in principle international participation in the economic development of the New States but was under considerable domestic counterpressure.)

My contact made available to other members of the advisory group accurate information about our candidate's plans for the area and work force should they win the bidding. In Berlin, FCS officers Lee Boam and, later, Jim Joy, monitored thinking at the German institution responsible for disposing of once state-owned enterprises. Shortly before my tour in Bonn ended, the American company's bid was allowed, and it was successful. The sum in question was well into the billions, and the activity represented a trade promotion experience only a few commercial officers get to enjoy. I doubt that any area of FS work could have provided more personal and professional satisfaction.

— Jack Bligh

## F O C U S

generally met with: "Why should I drive many miles to talk to 12 companies from only one country when I can go to a fair where there are thousands of exhibitors from all over the world with the same products, and I can actually see them in operation?"

Devoting staff and other resources to promote such missions under those circumstances was so obviously of marginal value that one would assume it to have been a non-issue. Not so, for there was bureaucratic turf at stake! Ultimately a compromise was found: the mission visited the fair. FCS Germany was already doing this on its own; we called it our Corporate Executive Office Program, but bringing Washington into the act kept bureaucratic feathers there unruffled.

### **If I Had It to Do Over Again...**

In a recent column AFSA FCS Vice President Peter Frederick broached the subject of a return of the com-

***An operational feature  
that I missed most  
from State was the  
"strong" country desk.***

mercial function to State. This is not as heretical as it may seem. (My ego allows me to believe that I carried enough DOC water to permit consideration of such a prospect.) The responsibilities of FCS have been gone from State for only 22 years, less time than they resided there. And certainly nothing in my State experience suggested any lack of concern in promoting American business abroad. Moreover, State has always held responsibility for commercial work in those countries where there is no FCS, and continues to handle retirement and other personnel matters as well as administrative issues abroad. But State would, of course, have to want it and be willing to take on the campaign in Washington hallways that it would involve.

A recombination could benefit users of U.S. government commercial services by bringing a broader perspective to counseling sessions and trade program devel-

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opment. This would also require action by State to break down “conal” walls in assignments and reinstate the generalist to a standing equivalent to that of the specialist. (The importance of combining the talents of generalists and specialists in developing strategies in today’s world of rapid globalization is usefully discussed in *The Lexus and the Olive Tree* by

Thomas L. Friedman.) A Department of International Trade proposal would certainly find adherents, but even an apple-pie issue like homeland security had tough congressional sledding.

Commerce, for its part, has not done as much with the overseas commercial function as it could have. The organizational set-up within DOC has enabled appointees with strong personal beliefs to place emphases on areas or agendas that may not be universally appropriate. For example, supporting small and medium-size exporters is the stated *raison d’etre* of the FCS. Yet, at Washington’s insistence and despite cautions from the field, we steered precisely those kinds of companies toward countries that were not, for their capabilities and experience, always appropriate. Lots of resources went into new export development efforts in markets that required staying power and deep pockets, things small exporters simply do not have. I felt then and now that we do them a greater

***The FCS has gained considerable maturity and there are opportunities — e.g., chief of mission — which did not exist in my time.***

favor by supporting them in developed markets with better prospects of early rewards.

FCS has frequently complained of a lack of resources but has, with only one exception of which I am aware, strenuously avoided tapping an inexpensive one already on hand: namely, retirees. In contrast to State, FCS’s attitude toward its retirees

seems to be one of good riddance. There may have been cases, perhaps mine, where that was a conscious policy, but surely they could have used the help of others with recruitment efforts or to serve on promotion and assessment panels with good conscience and less expensively than by bringing officers from abroad to do the job.

Would I move from State to the FCS if I had it to do over again? If the circumstances were the same, I would. Some FSO colleagues held that those who joined Commerce did so in hope of rescuing faltering careers. There may have been some who did so for that reason, but I know of several who, like me, had just been promoted by State. Still, it would be interesting to see the pre- and post-move career paths of those who jumped the ship of State.

My experience has shown me that FCSOs, FSNs, Civil Service staff, private sector recruits and political appointees combined to help a lot of Americans do business and do it more profitably than they could have otherwise. The FCS has gained considerable maturity and there are opportunities — e.g., chief of mission — which did not exist in my time. There are now positions of sufficient responsibility in Washington to make them attractive to Foreign Service personnel, enabling them to bring their experience to bear at the level of policy and program formulation. Those kinds of assignments should also moderate any temptation to use today’s speed of communications to micromanage overseas operations. That speed, by the way, represents the biggest change between the FCS of 1981 and that of today.

Maybe work is not supposed to be fun, but I almost always thought that I was having a good time while doing some good. When I look at what some of the people with whom I was associated continue to accomplish in their careers, I prize even more having worked with them and hope that they had some fun, too. ■

### The Logic of Business

**T**he FCS experience is not without its hilariously instructive moments. In Liberia, I had occasion to visit mines, lumbering operations, and rubber plantations throughout the country.

One day I was visited in the embassy by a resident Lebanese importer (most of them were) who was seeking suppliers of miners’ helmets, the kind with lamps. I dug up some addresses but could not refrain from asking why, in a country where all of the mines were of the open pit variety, he thought that there was a market for helmets with lamps.

“Sure,” he said. “Poachers will love them.”

— Jack Bligh

# LEE BOAM: THE FOREIGN COMMERCIAL SERVICE IN ACTION

**T**he U.S.-China relationship is one of the most critical and complex in the world. Numerous groups — from members of Congress to human rights and non-governmental organizations, to political appointees in the administration — all have strong and sometimes contentious views on issues affecting the U.S.-China relationship. The commercial connection with China is often the adhesive that sees the relationship through difficult periods, says Embassy Beijing's senior commercial officer, Thomas L. "Lee" Boam.

The job of the senior commercial officer in China is highly visible, and Lee must often deliver highly political messages through commercial channels. China's economy is booming and countless U.S. firms are seeking opportunities there. U.S. business representatives often come to China excited about the potential market of 1.3 billion people, but without a basic understanding of the realities of working there. Issues of language, distance from the U.S., cultural differences, lack of transparency, and the peculiarities of local provincial markets make doing business

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*Shawn Dorman, a former FSO and current Foreign Service Journal staff member, is the editor of the 2003 edition of Inside a U.S. Embassy: How the Foreign Service Works for America, published by AFSA. The Lee Boam profile, 22 other Foreign Service profiles, and Foreign Service tales from around the world can be found in the book.*

in China one of the most unique and difficult, but potentially rewarding, challenges for U.S. business in the world.

A key part of the commercial officer's job in China and elsewhere is to help shepherd U.S. companies — which are the "clients" of the Foreign Commercial Service — through the maze of difficulties faced when trying to do business in the host country, and to help these companies strengthen their market position.

Each company has different goals, and the commercial officer tailors assistance to the individual needs of each company. Commercial assistance in China ranges from conducting market research and identifying potential partners to advocating on a company's behalf with a government ministry and introducing company representatives to the right Chinese government officials.

Aside from helping U.S. companies, the commercial officer in China must work to further U.S. trade policies and ensure compliance with existing trade commitments; monitor World Trade Organization compliance; identify and report on industry trends; and conduct negotiations on such issues as intellectual property protection, antidumping, and export controls. The Foreign Commercial Service also represents the Export-Import Bank of the United States as well as the Trade Development Agency, two independent government agencies that offer financing and trade assistance to U.S. companies.

The Department of Commerce has been the home base for commercial officers since 1980, when they were moved from the State Department. The work did not change, and commercial officers still make up a small but key element of the Foreign Service team at

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WHO RUNS IT.

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BY SHAWN DORMAN

## F O C U S



embassies around the world. Due to the importance of the economic and trade relationship with China, Embassy Beijing is home to the largest Foreign Commercial Service office in the world. About 100 people, including Americans and Foreign Service Nationals, work for the Foreign Commercial Service in Beijing and in the consulates in Guangzhou, Shanghai, Shenyang, and Chengdu. The Foreign Commercial Service accounts for almost 20 percent of the total staff of the embassy and the consulates in China. As the senior commercial officer in the country, Lee oversees the entire

Lee Boam and Foreign Service National Bai Ying at the opening ceremony for the Longzeyuan China-U.S. Housing Demonstration Project (top left) and at the housing initiative plaque (right). Far left: Boam with Embassy Beijing FCS staff.

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Foreign Commercial Service operation, both at the embassy and at all the consulates.

At any given time, Lee is advocating on behalf of American companies bidding on major projects worth billions of dollars, and also has several billion dollars worth of trade disputes on his desk. More trade disputes are brought to the Commercial Service in China than anywhere else in the world. "This is the dilemma of China," he says, "huge successes and huge failures. The potential for tremendous contracts — like the \$1.3 billion contract for the sale of Boeing aircraft or the \$1 billion contract to outfit the Shenzhen subway system — keeps businesses coming." U.S. business reps often tell Beijing's commercial office staff that successful sales and contracts would not have been possible without their help.

Lee has initiated an extensive program to brief American business representatives before they set out for China. Over the past year, Lee (during trips to the U.S.) and his colleagues have talked to over 3,000 participants at various seminars in the U.S., providing guidance to

companies on business opportunities and on avoiding pitfalls.

Before joining the Foreign Commercial Service in 1982, Lee worked for a large American company that provided archival microfilming to governments, where he was responsible for international operations. In this capacity, he spent time in 87 countries. He joined the Foreign Commercial Service because he saw it as an opportunity not to just help one company succeed, but to help many companies, in all industry sectors. Lee served in Stuttgart and Frankfurt, Germany, and was later sent back to Germany as consul general to reopen the consulate in Duesseldorf. He was the first and last commercial officer assigned to then-East Germany, just prior to reunification, and has also served in Hong Kong.

Lee was born in Fort Collins, Colo., but calls Wyoming home. He has a B.A. and MBA from the University of Utah and a Ph.D. in organizational leadership from the University of Oklahoma. He and his wife Myrna have four children. ■

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# U.S.-CHINA TRADE: AN ECONOMIC SECTION VIEW

**T**he growth of trade and investment between China and the United States since the normalization of our bilateral relationship in 1979 has been quite remarkable. According to U.S. statistics, bilateral trade amounted to \$120 billion in 2001, making China our fourth largest trading partner in the world, behind only Canada, Mexico and Japan. China's exports to the United States have soared from negligible levels in the 1970s to over \$100 billion annually today. In the other direction, U.S. exports have risen to nearly \$20 billion. Meanwhile, American companies have invested a cumulative total of nearly \$40 billion in China, making up around 10 percent of total foreign direct investment there.

Overseeing this rapid growth in our bilateral economic relationship requires close cooperation between the commercial and economic sections. To facilitate that effort, the economic section is divided into three separate units. The trade and investment unit helps to manage our broad economic relationship with China, with the primary aim of expanding U.S. access to the Chinese markets for goods and services. It is currently focused on ensuring that the Chinese government implements its commitments to the World Trade Organization. The macroeconomic and financial policy unit monitors economic developments in China, especially with respect to their implications for domestic stability. The labor unit reports on issues in connection with China's labor laws and policies, work and occupational safety standards, and social security and welfare issues.

Such cooperation is all the more essential precisely because the debate over the many trade and investment issues facing our two countries has frequently been acrimonious. Following China's recent accession to the World Trade Organization, for example, critics of U.S. trade policy have voiced doubts about the extent to which Beijing will fully implement its new market access commitments. Reflecting this distrust, Congress has created two separate commissions to monitor China's implementation of its WTO commitments and performance in other areas related to human rights. The United States Trade Representative, the General Accounting Office and other government agencies have also been tasked to submit reports on China's performance in this regard.

In this article, I will discuss some of the major issues that have affected our bilateral trade and investment relationship with China. I will focus in particular on those issues that have arisen since

China acceded to the WTO and on how China and the United States have addressed them. Finally, I will look at the prospects for further growth in bilateral trade and investment and its broader implications for our overall relationship.

THE SINO-AMERICAN ECONOMIC  
RELATIONSHIP REQUIRES CLOSE  
COOPERATION BETWEEN THE  
COMMERCIAL SECTION AND  
THE REST OF EMBASSY BEIJING.  
HERE IS THE ECONOMIC  
SECTION'S PERSPECTIVE.

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BY ROBERT WANG

## The "Deficit Problem"

Some in Congress and elsewhere have been particularly critical of the perceived "imbalance" in our trade relationship as reflected in the sizeable and growing U.S. trade deficit vis-à-vis China. According to U.S. statistics, the trade deficit now exceeds \$80 billion, surpassing that with Japan. Critics of the U.S. government's policies toward China have long pointed to this trend as evidence



of the lack of a “level playing field” there and urge retaliatory measures against protectionism.

While our bilateral trade deficit with China is indeed high, the figures exaggerate the size of the deficit and the seriousness of the problem significantly. U.S. statistics for our imports from China, for example, include the value-added or “markup” in Hong Kong (estimated at \$10-15 billion), which should more accurately be attributed to Hong Kong. U.S. statistics also exclude our indirect exports to China through Hong Kong (estimated at \$5-10 billion), thus significantly understating U.S. exports to China.

Additionally, 50-60 percent of China’s exports to the United States can be sourced to export processing or assembly plants which basically process or assemble raw material and/or parts imported from other economies around the region, such as Hong Kong, Taiwan, Japan and Korea. China’s value-added contribution to these finished exports normally constitutes about one third of their final export value. Taking this into consideration, our “true” total value-added imports from China would have been nearly \$30 billion lower last year.

It should also be noted that U.S. import statistics are calculated to include miscellaneous cost, insurance and freight charges, and these usually make up about 10 percent of the final import value. Export statistics, however, are calculated on a “free on board” basis and do not include these same charges. Thus, the value of our imports from China would be reduced by around \$10 billion if calculated on the same basis as U.S. exports to China.

Finally, the apparent “imbalance” in our bilateral trade relationship actually represents a major restructuring of broader trade and investment relations within East Asia and between the United States and that region over the past 20 years. China’s rapid export growth has been to a very large extent the result of the shifting of export production facilities from other more developed areas in

***The debate over the  
many trade and  
investment issues facing  
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acrimonious.***

East Asia to China to take advantage of its relatively lower labor and production costs. Yet even as the U.S. bilateral trade deficit with China rose, our overall deficit with East Asia as a whole has remained relatively constant.

After making the above adjustments in the calculation of our bilateral trade statistics, we estimate that the true U.S. trade deficit with China was somewhere between \$20

billion and \$30 billion in 2001, not \$80 billion.

**The WTO and Market Access**

Meanwhile, the United States has continued to engage China in World Trade Organization-related trade negotiations over the past 15 years, culminating in China’s accession to the WTO on Dec. 11, 2001.

To do so, China had to make far-ranging commitments to open up its markets in virtually all sectors, but particularly in the agricultural and services sectors where the United States expects to obtain substantial benefits. Over the past 20 years, China essentially followed the earlier Japanese model — i.e., promoting exports in the manufacturing sector where it had (and still has) comparative advantage in terms of low labor costs, while protecting the domestic market in such areas as agriculture and services where it is not yet competitive. The end result of this policy — as we now witness in Japan — is the existence of a strong export economy on one hand and a weak and inefficient domestic economic and financial market on the other. Chinese leaders thus see China’s entry into the WTO as a way of encouraging, and even forcing, the country’s less competitive industries to restructure, modernize or downsize.

In the agricultural sector, for example, China agreed to replace all import quotas with tariff rate quotas for bulk commodities while at the same time expanding these quotas by 15 percent each year and reducing tariff rates by about half over the next five years. It also committed to eliminating all agriculture export subsidies and establishing a cap on trade-distorting domestic subsidies. The government is thus encouraging farmers to move away from grain production, where China clearly does not have comparative advantage, to planting cash crops and animal husbandry.

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*Robert Wang is the Economic Minister-Counselor in Embassy Beijing. An FSO since 1984, he has served in Tokyo, Hong Kong, Shanghai, Singapore and Washington, D.C.*

In the services sector, the PRC made far-reaching commitments to allow foreign financial institutions, distributors, telecommunications operators and professional service providers to enter the domestic market and remove all geographic restrictions over the next five years. It agreed not to impose restrictions on previously acquired rights of all foreign service providers that existed at the date of China's accession. It also agreed to streamline and make more transparent its licensing procedures.

Beyond these specific obligations, China agreed to reduce tariffs for more than 5,300 different product categories. It agreed to reduce tariffs for industrial products of concern to the United States from a base average of 25 percent in 1997 to 7 percent by 2005, and to eliminate tariffs on computers, semiconductors and other information technology products under the Information Technology Agreement. In acceding to the WTO, China also accepted the minimum standards for intellectual property rights protection under the Agreement on

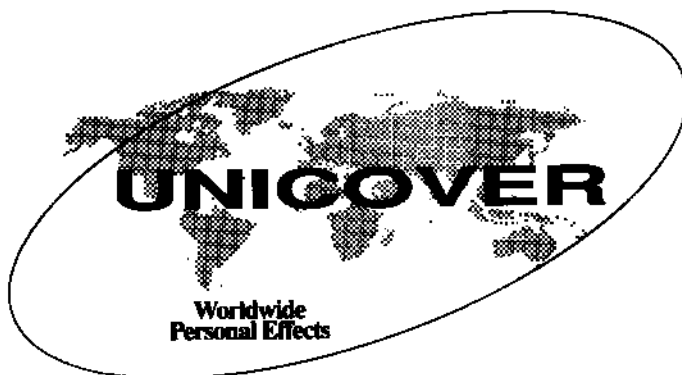
Trade-Related Aspects of Intellectual Property Rights. Finally, China committed to adopting a rules-based trading system incorporating core WTO principles such as most-favored-nation treatment, national treatment, transparency and the independent judicial review of administrative decisions.

### **WTO Implementation**

In general, I believe that China has made substantial progress in implementing its WTO commitments since its accession last December. According to China's Foreign Trade Minister, China has reviewed, amended and/or abolished over 2,300 trade-related laws and regulations to comply with its new WTO commitments. The embassy's own table of major new WTO-related legislation issued by different Chinese government agencies since last December lists over 200 laws in the areas of general economic policies, trade in goods and services, trade remedies, standards, trade-related investment measures, and intellectual property rights. All of these new laws and regulations are accessible in relevant ministry

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As required by the WTO, Beijing has established offices to provide information to the public regarding trade regulations and standards in a timely and usually helpful manner. Increasingly (though still in a small proportion of cases), the government has begun to provide opportunities for the public and other WTO members to comment on draft measures before they take effect. It has even conducted public hearings in connection with steel safeguard and anti-dumping investigations. In August 2002, the Supreme Court promulgated "The Rule Regarding Supreme People's Court Hearings on Judicial Review of Administrative Decisions with Respect to International Trade Disputes." This rule emphasized compliance with WTO commitments in civil cases involving foreign interests.

Although China failed to reduce tariffs immediately

### ***Statistics exaggerate the size of the deficit and the seriousness of the problem significantly.***

upon accession for the remaining three weeks of the year 2001, it reduced 2002 tariffs for over 5,300 product lines from an average of 15 percent to 12 percent. This partly accounts for a significant drop in tariff revenues in the first half of the year. As required under its WTO agreement, China has expanded, or replaced quotas with, tariff rate quotas on most agricultural commodities and fertilizers, although the issuance of TRQ regulations and the allocation of the quotas themselves were delayed for several months and were marred by lack of transparency. China has issued regulations on the administration of the import and the export of goods for products covered by quotas and licenses, such as oil, tires and auto/auto parts. The government has also expanded the number of companies granted trading rights to include additional foreign-funded and private manufacturing and trading enterprises while

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reducing their capital requirements. China has already revised its foreign investment laws to remove local content, export performance, technology transfer and foreign exchange balancing requirements. And the Ministry of Foreign Trade and Economic Cooperation is currently drafting a trading rights law that will completely liberalize the system by 2005.

In the services sector, China has issued new regulations governing foreign-invested financial institutions, including banks, insurance firms, and securities and fund management companies. A growing number of foreign banks (including Citibank) have obtained permission to do domestic individual and enterprise foreign exchange business while several have also been issued licenses to do local currency business in the newly-opened cities of Tianjin and Dalian. In May 2002, the China Insurance Regulatory Commission issued a license to permit American insurer AIG to open up the first foreign-invested life insurance operation in Beijing, one-and-a-half years before China had committed to do so. The CIRC has also issued several new insurance operating licenses to foreign insurers, including CIGNA and Liberty Mutual.

Shortly before China's accession, AT&T became the first foreign telecommunications company to receive approval of its joint venture to provide value-added services in Pudong (Shanghai). In January 2002, American Express announced the first joint venture business travel service company in China. More generally, China's National Administration of Tourism has approved over a dozen joint venture travel agencies since accession. In June 2002, ExxonMobil reported that it had obtained permission to open 500 filling stations in Fujian province, while BP and Shell also received approval to open an additional 500 filling stations in China's southeast. In July 2002, the Ministry of Foreign Trade and Economic Cooperation issued a notice announcing a pilot program that would allow foreign-funded logistics joint ventures in a number of coastal provinces and cities. China has now opened up all five Special Economic Zones and eight major cities to limited foreign joint venture retailers, a small but significant step in liberalizing the distribution sector.

China amended its copyright, trademark and patent laws just prior to its WTO accession and has subsequently issued companion implementing regulations. It promulgated new regulations on the protection of computer

software and integrated circuit layout designs. It has kept up enforcement measures by increasing the number of raids and recently established a national anti-piracy committee under the National Copyright Administration. The State Administration of Industry and Commerce, Ministry for Public Security and State Intellectual Property Office have also set up a formal mechanism to share information and coordinate enforcement efforts on intellectual property rights infringement. In July, SIPO issued regulations that would allow administrative review of patent office decisions. In August, the Tianjin Intermediate Court issued the first preliminary injunction in an IPR dispute over registered design patents.

### **Problems in Implementation**

The above-noted progress notwithstanding, China's implementation of its WTO commitments has fallen short in a number of areas with important consequences for U.S. economic interests. Not surprisingly, many local protectionist forces have surfaced in China to criticize the "concessions" made by the Chinese negotiators in Geneva. They point out that other countries, including the United States, have recently adopted certain protectionist measures, thus justifying new protectionist measures by China. They emphasize the need to ensure stability and urge caution in implementing market opening measures. Some of these critics in government ministries and agencies have thus sought to protect certain domestic industries by enacting rules that clearly, or often not so clearly, impose new restrictions on foreign exports and on foreign companies seeking to enter the China market.

China's WTO implementation has been particularly problematic in the areas of agriculture and financial services. Prior to its accession in December 2001, China issued new biotech regulations that threatened to block the annual import of \$1 billion worth of U.S.-produced transgenic soybeans into China. The U.S. considered such regulations to be contrary to WTO principles of sound science and transparency. Although Chinese leaders assured President Bush that China would not use the regulations as trade barriers, an extraordinary amount of time and resources, including interventions by the president and Cabinet-level officials, was required to ensure imports would continue. Nevertheless, the regulations blocked imports for several months; as a result, Chinese imports of U.S. soybeans for the 2001/2002 market year

were 28 percent lower than the previous market year. Moreover, how these regulations are implemented could still put next year's imports at risk.

Administration of tariff rate quotas was not only sluggish, but, in the case of agricultural commodities, also marked by lack of transparency and poor cooperation by Chinese officials. China was very late in issuing new TRQ administrative regulations and the actual TRQ allocations themselves. For example, although agricultural TRQ allocations were mandated for Jan. 1, 2002, they were not made until April for private enterprises and July for state trading enterprises. Additionally, the State Development Planning Commission has repeatedly refused to provide the embassy (or other foreign trade partners, to the best of our knowledge) with a list of the allocations made. Commodity traders complained that some allocations had not been made in economically viable lots, as required. Most egregious was the creation of a sub-quota that requires re-export of processed goods. The State Economic and Trade Commission was also late in issuing fertilizer TRQ allocations, although it did provide the embassy with a list of recipients and quantities. Nonetheless, some industry traders have complained of a lack of transparency as well as quotas having been held back by the SETC and Chinese industry associations.

In a number of cases, the Chinese Administration for Quality Supervision and Inspection and Quarantine has applied questionable sanitary and phytosanitary standards to block meat and other agricultural imports from the United States and other countries. It has also used questionable technical standards for fertilizers, cell phones, automobiles and other industrial imports. AQSIQ is also requiring importers of agricultural commodities to apply for "quarantine certificates" that appear to be a form of import quota in violation of China's WTO accession commitment. Contrary to the WTO principle of national treatment, the State Administration of Taxation has used preferential tax policies to favor categories of fertilizers that are produced domestically as opposed to imports. China's Customs office continues to permit large volumes of bulk commodity items to be imported for use throughout China through the Russian

***In general, China has made substantial progress in implementing its WTO commitments.***

***But it has fallen short in a number of areas.***

border areas at half duty and value-added tax rates. It requires end-use certificates for the import of 15 information technology products, contrary to the principles of the Information Technology Agreement. Some local authorities reportedly also continue to impose local content requirements in the automobile sector despite China's commitment to eliminate such trade-related investment measures.

While having enacted regulations permitting increased foreign access to China's financial services market, the People's Bank of China has established capital and net asset requirements that may be considered non-tariff barriers to entry by all but the largest foreign banks and financial institutions. Beyond this, the PBOC has yet to issue implementing regulations for non-bank automobile financing companies. The China Insurance Regulatory Commission has also established similarly high capital requirements for new entrants. At the same time, the CIRC has refused to permit foreign insurance branches to establish additional branches within China.

In other services sectors, China issued new regulations requiring that express delivery companies file for entrustment with the State Postal Bureau, thus establishing the Postal Bureau as both a regulator and competitor (in the form of China Post's express mail service) in the market. Subsequently, the Postal Bureau issued new regulations limiting the scope of business of other express delivery firms that would have violated its WTO commitment not to roll back previously licensed services. After repeated interventions by the U.S. government, China eventually agreed to repeal the restrictions. Nonetheless, it continues to require that entrustment be filed with the Postal Bureau which, although not necessarily a violation of a WTO commitment, could create potential difficulties that would impose new restrictions. Similarly, the Ministry of Justice has issued new regulations that could further restrict the services and expansion of foreign law firms in China.

At an Embassy Beijing-organized conference in October 2002, U.S. industry representatives acknowledged that the Chinese government has amended its intellectual property rights laws to comply with TRIPS,

the intellectual property portion of the WTO agreement. But the U.S. side noted serious shortcomings, such as high financial and evidentiary thresholds for criminal prosecution of IPR violations and low administrative fines that generally did not deter violators. It also pointed out the omission of well-known foreign trademarks from China's list, stressed the need to protect pharmaceutical clinical test data during the patent application period, and cited the stringent limits on market access for legitimate audio-visual products. More generally, the U.S. expressed concerns about rampant IPR piracy due to weak and uncoordinated enforcement, the lack of institutional IPR expertise and local protectionism.

### **Looking Ahead**

However mixed China's record of WTO implementation has been, the commitment of senior leaders to meet China's WTO obligations is unmistakable. This is evident in the massive effort put into overhauling China's entire trade-related legal and administrative systems. Apart from enacting and revising several thousand laws and regulations to comply with its WTO commitments, China has established new structures within its various trade-related ministries and agencies to focus specifically on WTO implementation. At the State Council level, a senior leader now heads an informal group that directs interagency coordination on WTO affairs. China also created a new WTO Affairs Department following its accession, and has sent a top trade official to head its WTO Office in Geneva.

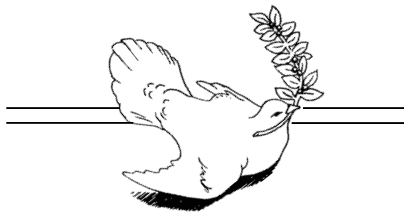
The PRC also created a new Import and Export Fair Trade Department that, along with the new Bureau for the Investigation of Industry Injury, that addresses trade remedy issues. To comply with WTO, China has also merged its agencies dealing with sanitary and phytosanitary and technical standards to create the Administration for Quality Supervision and Inspection and Quarantine.

Beyond this, China's senior leaders have underscored the government's commitment to WTO nationwide by mobilizing the country's provinces and municipalities in this effort. Shortly after the country's accession, Vice President Hu Jintao (who replaced President Jiang Zemin as China's top party leader in November) convened a weeklong seminar in Beijing

for senior provincial and municipality leaders on China's WTO commitments and implementation issues. President Jiang and Premier Zhu Rongji (and virtually all senior officials) participated in this seminar. The National People's Congress has also directed the General Office of its Standing Committee to ensure that provincial and local legislation conforms to national laws and China's WTO commitments. Beijing, Shanghai and other major cities and all of the provinces have set up WTO centers to study and train regional and local officials in support of China's implementation efforts. An embassy-funded WTO distance learning course has become part of a curriculum for all officials engaged in WTO work at the national as well as local levels. Official government media publicize WTO issues and China's commitment to implementation on a daily basis across the country.

Chinese leaders have undertaken this tremendous effort because they believe that China's WTO accession and the implementation of the resulting commitments is key to furthering the country's economic reforms. In turn, they believe that continued economic reform is key to China's top priority goal of economic growth and development over the long term. To be sure, as noted above, there have been serious problems of implementation, but persistent U.S. intervention with senior Chinese government officials has been successful in resolving many of these issues. Hence, while our trade deficit with China is not likely to disappear in the short term, I expect U.S. exports to continue growing rapidly, especially in the services sectors where we have already begun building up a sizeable trade surplus. U.S. investments will also continue to spur growth in our service-sector exports.

The impact of WTO accession on Chinese society at large will also be significant and long-lasting. The core principles of transparency, non-discrimination and national treatment are not likely to be confined to the area of foreign trade and investment. Already, China's expanding small and medium-size private enterprises are demanding to be treated no less well than their state-owned competitors. Private citizens are demanding more transparency in government regulations and more say in policies that affect their lives. China's transition to a society based on the rule of law will not be easy or instant, but the foundation has been laid. ■



# APPRECIATION

*Laurence M. Foley*

*1942-2002*

**O**n Oct. 28, 2002, USAID Supervisory Executive Officer Laurence M. Foley — a loving husband, a father, a proud grandfather, an inspiring manager and good friend, a man who dedicated his life to improving the lives of others — made the ultimate sacrifice: He was gunned down by an unknown assailant in front of his home in Amman, Jordan, as he prepared to leave for work at the mission.

“Larry was a highly decorated Foreign Service officer, but will be remembered even more vividly by all those who knew him for his charm, wit and friendship,” said USAID Administrator Andrew Natsios. “No one in USAID embodied the spirit of compassion and brotherhood that underpins our efforts more than Larry Foley.”

In a memorial ceremony at Embassy Amman, colleagues and friends sought to come to grips with this latest terrorist outrage with a moving celebration of Larry Foley’s life.

“Only yesterday, I stood in this very same spot to present to him a superior honor award for all of his efforts and support for the programs of humanitarian and developmental assistance here in Jordan,” said Ambassador Edward W. Gnehm. “Larry was working in Jordan to help deliver clean drinking water to Jordanian families. He was working in Jordan to help rehabilitate primary health care centers throughout the Kingdom. He was helping to administer micro-lending programs which have provided loans to many, many Jordanians so they might start new businesses and gain independence in their own lives. Larry represents the very best in America — a man dedicated to this country and to helping other people.”

Laurence Foley was “a larger-than-life type of guy — an Irish Bostonian with a twinkle in his eye,” one colleague recalled. “He had a great sense of humor and was a joy to everyone around him,” an FSN employee at Embassy Amman recalled. “He was a great boss — always positive, always cheerful, giving room for growth. But the most important thing I remember about Larry is that he was always full of life. I guess that is why it is so hard for us to believe that he is no longer with us.”

But, as USAID Administrator Natsios emphasized, terror-

ists and criminals cannot destroy the message of public service embodied in a person like Larry Foley: “Our mission to improve the lives of people in the developing world will continue, and the message of the life of Larry Foley will continue to be heard. This is the ultimate tribute that we can pay.”

## **A Life of Service**

Born into an Irish Catholic family in Boston in 1942 and raised in Oakland, Calif., Laurence Foley joined the Peace Corps in 1965, following graduation from the University of Massachusetts with an education degree. For two years he worked in India, building and running large model poultry farms in the state of Andhra Pradesh as part of the Indian government’s expanded nutrition program for the rural population. He returned to the U.S. and entered San Francisco State University, where he graduated in 1969 with a master’s degree in rehabilitation counseling, and thereafter served as a supervising probation officer for Contra Costa County, working to counsel and rehabilitate juvenile offenders.

In 1980 Laurence Foley returned to the Peace Corps as an associate director, responsible for all aspects of Peace Corps involvement in the Southern Region of the Philippines, including the preparation, placement and supervision of more than 200 volunteers. In 1985, he returned again to California to direct administrative services for Rehabilitation Services of Northern California, a large non-profit rehab facility for victims of head injury, Alzheimer’s disease and stroke.

Laurence Foley joined USAID in 1988, and in 1990 was appointed to his first supervisory executive officer position in La Paz, Bolivia. In 1992 he was posted to Lima, Peru, where as chief of the executive office he managed a staff of eighty. From 1996 to 2000, he served as chief of the executive office and chief contract officer assigned to post in Harare, Zimbabwe. Mr. Foley supervised 26 FSNs and coordinated the activities of 20 security officers. In August 2000 he was posted to Amman, where he was responsible for the management of all aspects of USAID Jordan’s administrative support services, including personnel, property management, information resources, communications, transportation, commodity/service procurement and security.

Virginia Foley, Larry’s wife of 34 years, took comfort in

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the fact that he was happy with his life and work. In a family statement she told how the day before his death he had received an award at work, talked with friends about Thanksgiving plans, and told his wife how much he loved her, their family and their life in the Foreign Service.

"We probably are a typical Foreign Service family," Virginia Foley said. "Larry and I have loved serving on four continents, learning about culture, making friends, representing the United States the best way we could, and feeling like what we did was performing a service. ... My comfort comes from the expressions of love from so many people all over the world whose lives Larry has touched, and having shared 34 years with someone I love and respected — doing what we do best."

### Spread the Message

Laurence Foley is survived by his wife, Virginia; two daughters, Megan and Jeremie; a son, Michael; and two grandsons. Expressions of sympathy and support were extended personally to the family by His Majesty King Abdullah II and Her Majesty Queen Rania Al Abdullah, and Queen Noor of Jordan, President Bush, Secretary of State Colin Powell, Ambassador to NATO R. Nicholas Burns and other government leaders.

Consistent with Larry Foley's career-long commitment to helping others, his family has asked that in lieu of flowers donations be made to the Missionaries of Charity, Home of Love, in Ruseifeh, Jordan. Contact Sister Felecia at (962) (5) 374-4583; she can accept checks made out to the organization. Donations to the Missionaries of Charity, Home of Love can also be sent to The Laurence Foley Fund, USAID/Amman, Unit #70206 Box 6, APO AE 09892-0206; the Fund will forward the checks to the charity. ■



ATTENTION ALL WRITERS



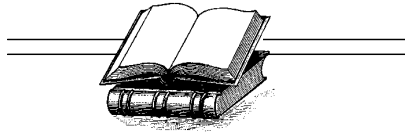
## AN INVITATION FOR SUMMER FICTION

Once again the *Foreign Service Journal* is seeking works of fiction of up to 3,000 words for its annual summer fiction issue. Story lines or characters involving the Foreign Service are preferred, but not required. The top stories, selected by the *Journal's* Editorial Board, will be published in the July/August issue and on the *Journal's* Web site. The writer of each story will receive an honorarium of \$250.

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# BOOKS

## Pointing Out the Contradictions

### **Tinderbox: U.S. Middle East Policy and the Roots of Terrorism**

Stephen Zunes, *Common Courage Press*, 2003, \$39.95 hardcover/\$18.95 softcover, 264 pages.

REVIEWED BY LAURA E. DEKOCK

*Tinderbox: U.S. Middle East Policy and the Roots of Terrorism* is a “must-read” for everyone who is tired of the clichéd responses to the post-Sept. 11, 2001 query, “Why do they hate us?” Author Stephen Zunes, an associate professor of politics and chair of the Peace and Justice Studies Program at the University of San Francisco, has woven this set of his essays (most previously published) on U.S. Middle East policy into a seamless and coherent volume.

Zunes’ central thesis is that America’s Middle East policy stands in direct contradiction to its own rhetoric, and that this disconnect has helped to foster Islamic extremism and anti-Americanism in the Middle East. Among his supporting arguments, Zunes contends that the United States has “discouraged the development of greater political pluralism and civil society in the Middle East through its support of autocratic regimes and occupying armies.” He also argues that the United States has militarized the region, through both arms sales and direct military intervention. Individual chapters discuss U.S. involvement in the Persian Gulf;

*Zunes contends that America’s Middle East policy does not match its rhetoric.*



the Israeli-Palestinian crisis; U.S. policies in Afghanistan, Lebanon and Palestine; and U.S. efforts to combat terrorism. The book concludes with recommendations for how its American readers might act to improve their government’s Middle East policy.

Two points made in *Tinderbox* stand out as particularly significant and bold. One is Zunes’ suggestion that U.S. policy “actually endangers Israel’s legitimate security needs because it gives the Israeli government little outside incentive to make peace.” In his view, the large, no-strings flows of U.S. aid to Israel have created a cushion that prevents Israel’s own policies, including the occupation of the West Bank and Gaza, from becoming politically intolerable to its citizens.

The other provocative insight is Zunes’ claim that (contrary to conventional wisdom) U.S. policy on the Middle East has been influenced more deeply by the United States’ domestic arms industry than it has been by the Jewish lobby, by Israel’s needs, or even by the oil industry.

According to Zunes, U.S. Middle East policy generally and U.S. military aid to regional states, specifically, have subsidized the American arms industry. And this behavior has, in effect, shot the United States in the foot, since, “The more weapons and the more sophisticated weaponry the United States has sent to the region, the more threatened the United States and its interests have become.”

Regrettably, *Tinderbox* does have some failings. One of these is its intemperate criticism of the Mitchell Commission Report and the actions and statements of U.S. Secretary of State Colin L. Powell and other traditional conservatives within the current administration. The book also includes an obvious error in logic. Zunes occasionally cites polling data in the United States, Israel, and among Muslims or Arabs in support of his views. But at the very close of the volume, he claims that, “Public opinion polling indicating popular support for President Bush’s Middle East policy does not mean that most Americans actually support the policy. It merely means that they support what the policy is presented as being.” Yet he takes great pains throughout the book to convince readers that Arabs and Muslims do not accept what the U.S. government tells them at face value. It is regrettable that an author would go to such lengths to break down one stereotype, only to foster a similar one about his own people.

But these minor flaws should not deter anyone from reading *Tinderbox*. Zunes’ fresh perspective truly breaks up the tired discourse on America’s Middle East policy and provides keen

## BOOKS

insights into the origins of Islamist extremism and terrorism.

Laura E. DeKock is a junior associate with AALC, Limited Company (previously Armitage Associates), an international consulting company located in Arlington, Va.

### Afghanistan: Horseplay & Politics

**Buzkashi: Game and Power in Afghanistan, 2nd edition**

G. Whitney Azoy, Waveland Press, 2003, \$12.95, paperback, 160 pages.

REVIEWED BY  
ARNOLD SCHIFFERDECKER

This book takes the reader inside the small world of buzkashi, or “goat-grabbing,” as a framework for insights into the larger world of Afghanistan’s politics. On the whole, the effort succeeds.

Originally the product of doctoral research by an ex-USIA officer, *Buzkashi: Game and Power in Afghanistan* was hailed in 1982 as a particularly useful reflection of Afghan society at a time when real knowledge of that country was confined to a few specialists. Twenty years later, in this expanded second edition, anthropologist Whitney Azoy updates his view of the underlying significance of Afghanistan’s national game.

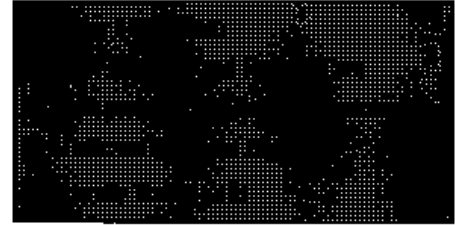
What seems at first glance a stretch — discerning larger strategic meaning in an unruly sport (a forerunner of today’s polo) — becomes a revelation under Azoy’s careful analysis. If you think of politics as a competitive game, says the former U.S. cultural affairs officer, then you can find antecedents embedded in the culture. While careful not to carry the metaphor too far (after all “a game is a game,” as the author acknowledges), he carefully

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## Year-End Roundup of FOREIGN SERVICE AUTHORS

As we have done each year since 2000, the November 2003 *Foreign Service Journal* will include a list of recently published books by Foreign Service-affiliated authors in an special section: “In Their Own Write.” FS authors who have had a book published either by a commercial or academic publisher last year or this year (2002-2003) that has not previously been featured in the roundup, should send a copy of the book, along with a press release or backgrounder with information on the author, to:

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## *B O O K S*

marshals compelling evidence showing how buzkashi has played out on Afghanistan's larger stage and how its leaders—even including the unloving Taliban — have tried to coopt the game for political purposes. Given this background, interim Afghan President Karzai is likely to be presiding soon over a buzkashi match in Kabul—if he has not already done so.

Azoy's book, a combination of scholarly study and personal memoir, gives the reader a ground-level close-up of the colorful lives and personalities of the Afghan horsemen against the backdrop of complex social interactions among the game's sponsors, the landowning Khans, and the latter's relations with their supposed masters in Kabul. Until Azoy uncovered those aspects of the game after more than a year of research, little of the relationships and larger social and political meaning of the game was known outside the country. This is the major contribution of his book.

Unfortunately, as Azoy notes in his revised edition, much of the social structure that held the country together for so long has been badly damaged over the past 23 years. But the survival of the game during the interregnum of Soviet invasion and civil war (1979-2001) may mean that the country's social fabric has not completely fallen into tatters. At least for some old Afghan hands, including this reviewer, that represents a ray of hope for a country long maligned and often neglected but now — thanks to the power of terrorism to focus the mind — a priority for U.S. policy. ■

*Retired FSO Arnold Schifferdecker is the chairman of the Journal's Editorial Board. He served in Kabul (among many other posts) as a political officer and again in 1997-98 as an adviser to the United Nations Special Mission in Afghanistan.*

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# REFLECTIONS

## *Walking Through History*

BY PHILIP BREEDEN

**Y**ou can learn a lot from staring at the dirt in Tunisia. The bones of empire stick out of the ground, leading you into the past.

A short walk from my house lies Byrsa Hill, the heart of ancient Carthage, near modern Tunis. Standing at the top, you can take in all that once was a great capital, the only city that gave Rome a serious run for its money. Your eye is particularly drawn to the Punic ports, which once held hundreds of war galleys, anxious to row to battle. Now the dark-blue waters hold nothing but rushes and the occasional swimming party.

Having destroyed the Punic city perched on high, the ever-practical Romans soon rebuilt it on a grander scale. Contrary to popular belief, Rome did not salt the earth of Carthage after finally besting Hannibal. The Romans did cut off the top of the hill to make room for their rectangular vision of mortar and stone. The straight lines of the Roman roads ran down from the hill, heading toward Utica, Dougga, Thurbobo Majus, Oudna and other

---

*Foreign Service officer Philip Breeden joined the former United States Information Agency in 1986. Previous postings include Ankara, Antananarivo, Istanbul, Washington, D.C. and London. He currently serves in Tunis. The stamp is courtesy of the AAFSW Bookfair "Stamp Corner."*

*Tunisians cast a jaundiced eye on empire builders, having themselves been bricks in countless imperial edifices.*



names out of history.

Carthage today is home to some splendid ruins, surrounded by modern villas and boutiques. They are just the latest installment in an unbroken pageant of humanity. After the Romans came a long list of invaders, each leaving their trace. It is no surprise that Tunisians cast a jaundiced eye on empire builders, having themselves been bricks in countless imperial edifices. They know the transitory nature of power, and have a patience that outlasts the great.

In modern times the armies of World War II swept over Tunisia, leaving their own traces. The Germans left a rusting bunker on the heights of Sidi Bou Said, the cliff-top village better known for its famous blue-shuttered, white-washed houses, and home to the best doughnuts in the country. On the windswept heights of

Gammarth, another chic beach suburb of the capital, one can visit the French military cemetery, with its severe lines of tombs surrounded by white gravel paths. White on white.

Close to my house, nestled in a grove of trees, is the green oasis of the American military cemetery. The Wall of the Missing, carved with their names, faces rows of white marble headstones that march across an immaculate lawn. The list of the missing is longer than the number of graves, mute testimony to the chaos of war. What happened to the missing? How did their stories end? Occasionally, the earth reveals a trace. Recently a dredging boat in the salt lake of Tunis struck the remains of a World War II bomber. When it was raised, the American crew was discovered inside.

In this part of the world the sounds of war are both near and far. CNN and Al-Jazeera pour the blood and thunder into our living rooms, while the ancient battles echo around us, or drift up from the dust we raise as we walk across a field. We are seized with this, our moment in the vast frieze of human history. It is easy to be overwhelmed by it all. But as I sift the dirt near my home, gaze down at ancient mosaic faces, and step over ancient columns and waterworks, I know we are but a transitory scene in this pageant. We will, as my great-grandmother used to say, "live over it," and pass beyond. The past is a stony bed, but it gives comfort nonetheless. ■

# AFSA NEWS

American Foreign Service Association • January 2003

## Last Call for AFSA Awards Nominations

We urge you to nominate a colleague for one of AFSA's constructive dissent awards or for one of AFSA's three exemplary performance awards by the Feb. 12 deadline. Winners will receive \$2,500 and are honored at a ceremony in June in the Benjamin Franklin Room at the State Department (attended by Secretary Powell in 2002).

For 35 years, AFSA has supported this program to recognize Foreign Service members who have challenged the conventional wisdom on an issue related to their work. Our awards program honors excellence, dedication, and adherence to the best principles of service to the nation. Today's Foreign Service employees, at all grades and in all agencies, put their lives and the lives of their families at risk to advance



Continued on page 3

### AFSA PUBLIC OUTREACH

## AFSA President Visits Florida

BY JOHN NALAND, AFSA PRESIDENT

One of AFSA's key objectives is to help develop a domestic constituency for the foreign affairs agencies. During a Nov. 9 - 10 trip to central Florida, I worked to advance that objective by meeting with an editorial writer and Pulitzer Prize winning foreign affairs reporter of the *Orlando Sentinel* (central Florida's top daily newspaper serving readers in five U.S. congressional districts). Hopefully, our discussion will serve as a catalyst for future editorials and other articles supporting Secretary Powell's effort to secure a sustained infusion of resources

to strengthen diplomatic readiness.

During my trip, I also continued the long tradition of AFSA officers meeting with Foreign Service retirees. The Florida group (the Foreign Service Retirees Association of Florida - FSRA) is the largest in the nation, with 770 dues-paying members. As FSRA Chair Irwin Rubenstein reported in the October issue of the *Foreign Service Journal*, his group has an extremely active speakers bureau (coordinated by Al Perlman) and other ini-

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### AFSA AND EDUCATION

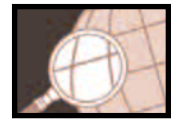
## AFSA Scholarship Fund Receives Largest Bequest Ever

BY LORI DEC, SCHOLARSHIP ADMINISTRATOR

Mrs. Naomi M. Mathews, the surviving spouse of Ambassador Elbert G. Mathews, bequeathed over \$800,000 to the AFSA Scholarship Fund. Mrs. Mathews passed away in 1999 at the age of 88. Her estate was recently settled, and the AFSA Scholarship Fund was named as the largest beneficiary. The money will be added to the scholarship fund's \$3.4 million endowment. Beginning with the 2003-04 school year, a financial aid scholarship will be bestowed in the name of Ambassador and Mrs. Mathews.

The AFSA Scholarship Fund provides scholarships to Foreign Service children under the renewable, need-based financial aid scholarship program for undergraduate college study and through one-time-only academic and art merit awards for graduating high school seniors.

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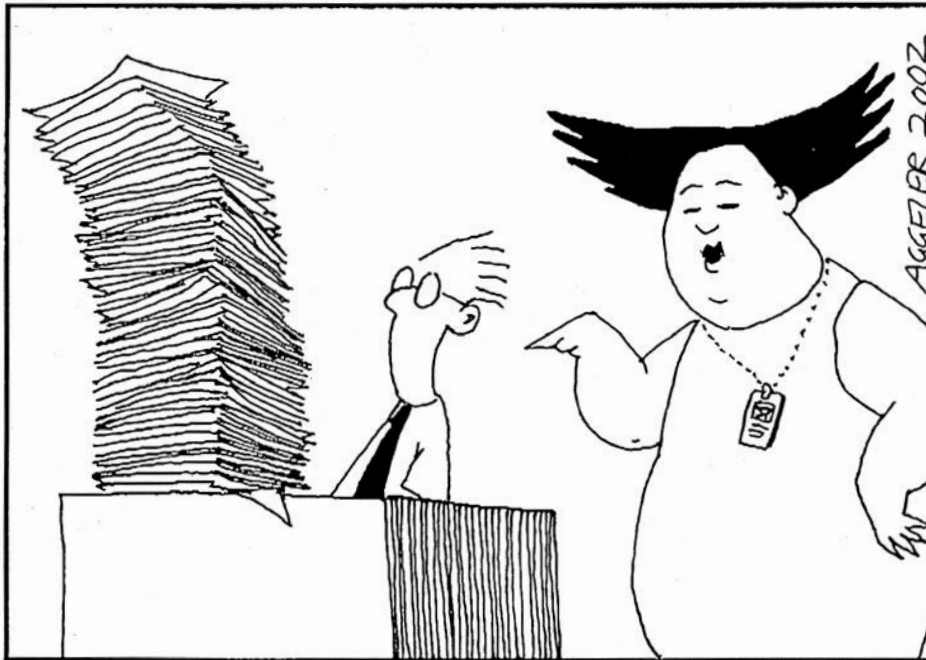


## Honoring George Shultz

AFSA is pleased to announce that former Secretary of State George P. Shultz has agreed to accept AFSA's Lifetime Contributions to American Diplomacy Award for 2003. Previous recipients have been U. Alexis Johnson, Frank Carlucci, George H.W. Bush, Lawrence Eagleburger, Cyrus Vance, David Newsom, Lee Hamilton, and Tom Pickering. The award will be presented next June at AFSA's annual awards ceremony held in the Benjamin Franklin Room of the Department of State. Details will be announced once the date is set.

## Life in the Foreign Service

■ BY BRIAN AGGELER, FOREIGN SERVICE OFFICER & CARTOONIST



**"BOYD, I NEED YOU TO COME UP WITH A PLAN TO TIGHTEN UP ON OUR VISAS – JUST AS SOON AS YOU ANSWER THAT STACK OF CONGRESSIONAL INQUIRIES ASKING US TO RECONSIDER VISA APPLICANTS WE TURNED DOWN ..."**

## Legislative Action Supports You

AFSA advocacy on Capitol Hill is vital to your interests. AFSA legislative action is funded primarily by the Legislative Action Fund. There is no fat in this fund: it pays the salary of Director of Legislative Affairs Ken Nakamura, and directly supports our Hill efforts. The fund helps AFSA to be highly effective in influencing legislation that directly affects the lives of Foreign Service personnel and retirees.

Please mail your contributions to the AFSA Legislative Action Fund, P.O. Box 98026, Washington, DC 20077-7093, or go to the AFSA Web site: [www.afsa.org/lafform.html](http://www.afsa.org/lafform.html). Make checks payable to "Legislative Action Fund." Every contribution makes a difference and is appreciated.

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**Awards • Continued from page 1**

America's interests. AFSA's constructive dissent awards offer an opportunity to recognize the critical contributions of our colleagues and to honor their courage.

AFSA also offers three awards for extraordinary contributions to effectiveness, professionalism and morale: to a Foreign

Service office management specialist, a community liaison officer, and a Foreign Service family member.

Information on submitting a nomination was detailed in the December 2002 *AFSA News*, and is on the AFSA Web site at [www.afsa.org/nominations.html](http://www.afsa.org/nominations.html).

Nominations should be sent to the

AFSA Awards Committee, to the attention of Barbara Berger, by mail: 2101 E Street N.W., Washington, DC 20037; by fax to (202) 338-6820; by AFSA Channel cable; or by e-mail to [berger@afsa.org](mailto:berger@afsa.org). The deadline for nominations is Feb. 12.

We need your involvement in order to continue this valuable program. □

## AFSA's Executive Director and General Counsel Reach 10-Year Mark

BY SHAWN DORMAN

**A** FSA Governing Boards come and go, but the AFSA staff stays on to support each new board and keep AFSA functioning smoothly. AFSA's Executive Director Susan Reardon and General Counsel Sharon Papp both came to work at AFSA 10 years ago. Although many AFSA members have never met them, both have made significant contributions to AFSA.

Susan and Sharon joined AFSA within one month of each other. Susan tells us, "It's been a great partnership: Sharon looks after the members' rights while I look after the organization's operational stability." Their long tenure with AFSA also adds stability to the organization, which, by the way, tends to keep staff for many years. Most AFSA staff members do not stay with AFSA because of the pay, but because of their dedication and the positive work environment. Susan deserves much credit for the high morale at AFSA.

Susan came to AFSA from the League of Women Voters of the U.S., where she was the director of finance and administration for seven years. She and her husband, Kevin Reardon, have two sons, ages 14 and 18. Susan finds the work at AFSA to be interesting and challenging, and says she especially appreciates the "fantastic staff." She believes AFSA "serves a good

cause" and she values the chance to support the Foreign Service. Having worked with six consecutive AFSA presidents, Susan explains that every AFSA Governing Board brings new ideas and a new perspective. She enjoys the chance to re-evaluate the direction of the organization with each incoming board, and sees herself as the bridge between the staff and the governing board.

labor management office in the Truman Building. A graduate of Vanderbilt University and The George Washington University Law School, Sharon came to AFSA from an employment-side civil rights and employment law firm in Washington, where she had worked for five years. She spent 18 years in Saudi Arabia, where her parents worked for the Arabian American Oil Company. That experience has given her an affinity toward people who live overseas and helped her understand the unique challenges and rewards of the Foreign Service lifestyle.

Sharon says the work at AFSA is "extremely interesting and challenging," and new issues are always arising. "There's never a dull moment," she says. The Foreign Service members she works with are "very bright and very appreciative of the help we give them," Sharon says, and it is a pleasure working with them. "I feel like I am able to help people," she adds, noting that this is one key reason the job is meaningful for her.

Sharon tells *AFSA News* her high job satisfaction also relates to the people she works with at AFSA and in State Department management, as well as the good working environment. Sharon and her husband, Rick Philbin, have two daughters, ages 6 and 8. □



Susan Reardon (left) and Sharon Papp



She is there to help the board learn about AFSA operations and to help the staff handle change and remain flexible and responsive.

While Susan manages AFSA operations from the AFSA headquarters on 21st St., Sharon's "legal practice" is based in AFSA's

# AFSA NEWS BRIEFS

Continued from page 2

## Messaging the SMART Way

By the end of 2004, the State Department expects to have a new user-driven communication system that is smart, simple and secure. When it is fully operational, SMART (State Messaging and Archive Retrieval Toolset) will integrate what we now know as cables (classified and unclassified), e-mails, and memos into a single system. This will simplify the way you produce and receive messages, ensure that you can access the information you need, and permit searching of archived messages. You will be able to log in to SMART much as you do already with MS Outlook.

A prototype of the new system has been designed based on input from users in Washington and the field, but more feedback is needed to ensure that the new system meets your needs. Check out the SMART Intranet Web site at <http://messaging.irm.state.gov> and send in your comments. Use this chance to help build a system that gives you the tools you need.

## Dreyfus Scholarship Program from DACOR

Children of active and retired FSOs are eligible to apply for several scholarships and fellowships sponsored by the DACOR Bacon House Foundation for study at the Hotchkiss School and Yale University for the 2003-2004 academic year.

The Hotchkiss School seeks to select one qualified enrolled student for a \$5,000 scholarship. Applicants should contact the Director of Financial Aid, The Hotchkiss School, Lakeville, CT 06039-0800.

Awards to Yale students, based on merit, will be made by the DACOR Bacon House Foundation in consultation with Yale University. At Yale, the fellowships are coordinated by the Yale Center for International and Area Studies, Henry R. Luce Hall, 34 Hillhouse Ave., New Haven, CT 06520. Awards for undergraduates may be up to \$5,000 and up to \$10,000 for graduate students. Application materials must be sent to William Hamilton at the DACOR Bacon House Foundation, 1801 F St., NW, Washington, D.C. 20006. For further information, contact Taushia Walker at DACOR by phone:

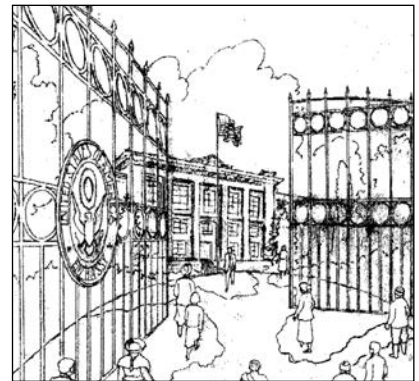
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## Help Give Them a Clue About What You Do

AFSA has completely re-done the 1995 book *Inside a U.S. Embassy: How the Foreign Service Works for America*. It offers an inside look at the people who work in U.S. missions around the globe,



and is written for the layperson. Entries are short and highly readable. The new version contains profiles of outstanding colleagues serving in every kind of Foreign Service job in an embassy. The book also includes a series of “day in the life” entries — hour-by-hour accounts of a “typical” day on the job. And then there are the stories of the extraordinary — how our Foreign Service colleagues handle the coups, the riots, the natural disasters and the evacuations. We’ve got entries from every region of the globe, and from people serving in every kind of Foreign Service position.

Look for *Inside a U.S. Embassy* in late January. You will be able to order copies through a link on the AFSA Web site at [www.afsa.org](http://www.afsa.org).

## Scholarships from AFSA

Each year, AFSA provides over \$150,000 in college aid to almost 100 Foreign Service children. High school seniors and college undergraduates of Foreign Service employees can apply for AFSA one-time-only academic and art merit awards and renewable need-based financial aid awards. Awards range from \$1,000 to \$3,000. Applications are now available and the submission deadline is Feb. 6, 2003. Visit AFSA’s Web page at [www.afsa.org/scholar/index.html](http://www.afsa.org/scholar/index.html) for complete details or contact Lori Dec at [dec@afsa.org](mailto:dec@afsa.org) or 1 (800) 704-2372, ext. 504.

Briefs • Continued on page 10

## Loss of FS Member Sparks Call for More Protections

AFSA was deeply saddened by the heinous murder of USAID officer Laurence Foley in Amman, Jordan on Oct. 28, 2002. (Please see the "Appreciation" dedicated to him in this issue of the *Foreign Service Journal*.) As everyone is aware, the risks to Foreign Service employees and family members worldwide have increased in recent years due to the increased threat of terrorism.

AFSA sent out two press releases, on Oct. 28 and Oct. 30, which were quoted and paraphrased in a number of newspapers around the country, including the *New York Times*, the *Wall Street Journal* and the *Los Angeles Times*.

The following is from the Oct. 28 press release:

"This brutal terrorist attack underlines the vulnerability of the men and women of the U.S. Foreign Service who advance our nation's vital interests around the globe.... The U.S. government must protect these dedicated public servants as well as possible, beginning with dedicating sufficient resources to the effort."

AFSA highlighted two unresolved problems, that of protecting soft targets and protecting USAID missions: "With the hardening of the security of our embassies and consulates, terrorists are targeting U.S. government representatives in 'softer' locations... AFSA believes that additional resources must be devoted to expanding the concept of embassy security to encompass the entire embassy community. While security upgrades are under way at State Department-managed facilities, a turf battle on Capitol Hill has blocked security improvements at numerous USAID missions around the globe.... AFSA calls on the congressional leadership to resolve this turf battle." □

V.P. VOICE: FCS ■ BY PETER FREDERICK

## Voting Matters

Several years ago, our son, then a senior in college, called to ask where we lived. One would think a college-educated 21-year-old would know the answer to that question, unless of course he was a Foreign Service brat. His government professor had offered "special consideration" for those that voted, and our son needed to register to vote.

Although I cannot offer any "special incentive" from the selection boards for voting in the AFSA elections, there are important reasons to vote. We have excellent candidates for both FCS positions. Of equal importance is the impact your vote will have on AFSA and US&FCS.

AFSA believes in pride in our Service, pride in our work and the importance of good leadership.

Over the past seven months, AFSA has been negotiating with management to implement agreements that management signed in June and August 2001, respectively. After signing, management refused to implement the agreements for various "technical" reasons. Other actions taken by the Office of the General Counsel and International Trade Administration labor management personnel have not reflected well on our Service, either.

The agreements on which management reneged will probably soon be implemented, because AFSA negotiators were able to convince management that failure to implement them had a negative impact on our members and our Service.

A few of us still remember the good old days when the director general did pretty much whatever he or she wanted concerning assignments and evaluations and promotions. This changed when AFSA was elected to represent FCS. Now, when a DG tries to return to these old practices, AFSA makes sure it does not happen.

US&FCS has been blessed with political-appointee directors general since inception, most joining us fresh from an election victory. If there is one common denominator among our DGs, it is that they know how to count votes and they respect those that turn out the vote. Approximately 80 percent of our career officers are members of AFSA. If every member votes, even the secretary of Commerce would realize that AFSA is an organization with which he and his staff must deal. Your vote makes it easier for your elected representatives to do more for you and get management's attention.

Some of you may be thinking, "There goes that union guy trying to make the DG look like the owner of a large trucking company and FCSOs like Teamsters." Why do we need the DG and secretary to pay attention to AFSA? I remind you that before AFSA became a labor representative for FCS, it was a professional association. AFSA's role as our professional organization may be more important in the long run than its labor role. AFSA believes in pride in our Service, pride in our work and the importance of good leadership. In addition to negotiating improved working conditions, your AFSA representatives need to convince management that this is our organization and we take pride in it. We need to encourage our leadership to share our objectives and respect our professionalism.

Your vote matters. In addition to impressing management, you will let our colleagues in the other foreign affairs agencies know we are, in fact, "players." Our objective should be to have the highest percentage of voters among all the agencies. Only you can make that happen. □



# Q&A

## Personnel

BY METTE BEECROFT,  
STATE DEPARTMENT TRAVEL AND  
TRANSPORTATION DIVISION

## Travel and Transportation: Frequently Asked Questions

Responding to questions about Foreign Service travel and transportation is a challenge, because often there is no easy answer. People's requirements vary widely and the "cookie cutter" approach does not work. Nevertheless, there is a certain body of information that applies to everyone. Some of this information is highlighted below.

**Q: A big international move is so complicated. Where can I get the best guidance and assistance?**

**A:** Though "It's Your Move" does not answer every question, it is the best general source of information on moving. Several people have referred to it as their "bible." It is published by the Division of Travel and Transportation with frequent updates, the latest of which is November 2002. You can obtain a copy from Transportation (Room 1248, Main State) or look on the *Intranet* (<http://lm.a.state.gov>).

*WebMove* may also simplify your move. The employee can initiate his/her move request to the transportation office via the department's *Intranet* for Washington-to-post moves. Shortly, *WebMove* will also be available for post-to-post moves. *WebMove* is designed to help reduce problems associated with a move by introducing a one-stop resource for starting the moving process. Find it at <http://webmove.a.state.gov>.

**Q: After many years in Washington, D.C., we are again being posted overseas. Where do I begin?**

**A:** Many bureaus at the Department of State have their own checkout lists for employees who are being posted overseas. However, both the personnel technicians (Room 2808, Main State) and the Employee Services Center (Room 1252, Main State) have "generic" checkout lists that apply to everyone. The Overseas Briefing Center, located on the NFATC campus, also publishes a useful booklet titled "Foreign Service Assignment Notebook."

When you move, there are basically three major divisions in the State Department that play a role: (1) the Medical Division; (2) the personnel technicians; and (3) the transportation counselors. The transportation counselor cannot permit an actual pack-out until travel orders are available. Travel orders cannot be prepared (or "cut") until the employee has medical clearance. Thus these three functions are interrelated and take place sequentially.

The employee and family obtain medical clearance from the Medical Division. It is important to schedule the physical examinations as early as possible to obtain clearance in a timely fashion. It is often useful to hand-carry a copy of the medical clearance to the appropriate personnel technician (Room 2808). The personnel technicians are assigned according to the first letters of the employee's last name. Similarly, once the orders have been prepared, it is useful to hand-carry the travel orders from the personnel technicians to the transportation counselors (Room 1248). The transportation counselors divide up their work by bureaus. For example, one team handles everyone who is being posted to Africa and another team handles everyone posted to Europe.

There are many other items on the checklists, but they can be handled more flexibly. The three steps mentioned above need to be taken sequentially.

**Q: We are going to post with a pet. What do I need to know?**

**A:** "Fly America" regulations and airline embargo policies all limit

choices for employees traveling with a pet. The key is to start early to make plans based both on travel options and on any possible restrictions at the post of assignment. The Overseas Briefing Center (<http://www.state.gov/www/obc>) at the Foreign Service Institute has excellent information on airline policy and on professional pet shippers. It also has available a standard "TMTWO" from each post. The TMTWO is the welcome message to the employee from post that outlines host country restrictions on importing pets.

Reimbursement for pet shipping charges (transportation only) is available under the "Miscellaneous" portion of the Foreign Transfer Allowance (Standardized Regulations 240) and under the same portion of the Home Transfer Allowance (Standardized Regulations 250).

**Q: How do I arrange to ship a car?**

**A:** The first step is to investigate what type of car would be acceptable at post. Host countries have various restrictions on the make, age and even color of the cars allowed in country. Some features (such as tinted glass or white headlights) are not acceptable. Parts must be available (unless you ship them with your household effects, known as the HHE). Repair facilities must also be available. Sometimes, a gearshift car is preferable to a car with an automatic transmission.

The employee obtains a copy of the JF-49 from Transportation (Room 1248) or from the *Intranet*, which he or she then fills out and sends to the Baltimore Despatch Agency along with a copy of the title or certificate of origin. The address and other contact information are provided on the JF-49. The Despatch Agency then arranges for a "drive-away" company to drive the car from your residence to the port — unless you opt to drive it yourself.

Sometimes, items not attached to the vehicle disappear in transit, so be sure to remove spare tires and tools from the vehicle for inclusion in your HHE. It is also prudent to obtain door-to-door marine insurance. The OBC has extensive information on insurance. If it is necessary to remove the catalytic converter because lead-



ed gas is used at your new post, the employee needs to obtain an Environmental Protection Agency waiver from Transportation to permit removal of the converter. The catalytic converter may be removed no earlier than seven days before the car is driven away.

Sometimes, for a variety of possible reasons, an employee's car is unacceptable at post. If the post provides a formal statement saying that the car cannot be brought to post, then the Department of State will provide emergency storage for that car, free of charge. Some cars are stored locally in the Washington, D.C. area; others are stored at ELSO — the European Logistics Support Office in Antwerp. Please note that the Transportation entitlement is for one car only per employee. The stored car must be removed from emergency storage as soon as the posting is concluded.

**Q: When I am posted to Washington for long-term training of a year or more, what are my entitlements?**

**A:** If you are assigned to Washington for a year or more of training, you are entitled to choose whether you want to be assigned on a “temporary” or “permanent” basis. If you are assigned on a temporary basis, you receive per diem, which as of November 2002 was \$196 per day — that includes \$150 for lodging, and \$46 for meals and incidentals (called M&IE). Per diem is intended to cover the cost of renting living quarters, renting furniture and purchasing meals. Under these circumstances, the Department of State does not ship your car and you do not have free access to your goods in storage. The per diem also decreases over time. It starts at 100 percent of the applicable per diem rate for the first 60 days. For the next 60 days, it is 50 percent of the applicable per diem rate. And after the first 120 days, the employee receives 25 percent of the applicable per diem rate up to a year. Per diem is only authorized for up to one year.

There is no per diem for family members while the employee is in training.

On the other hand, if the employee elects to be transferred on a regular permanent change of station, then he or she does not receive per diem, but will receive Washington locality pay. The department will ship the employee's car from the current post of assignment to the training location. The employee is expected to take everything out of storage for use in his/her residence, which is either owned or rented.

**Q: What is a consumables shipment?**



**A:** If you are entitled to a consumables shipment, it will be stated in your travel orders (authorization). This shipment is used to provide you with foodstuffs and goods that are simply not available at your new post. Consumables are only goods that are used up or consumed by people or pets. Items that get worn out, such as tires or batteries, are not considered consumables and should be sent with household effects. If goods are available but expensive, you may also receive a Cost of Living Allowance but no consumables shipment.

For a two-year posting, the employee is entitled to send a maximum of 2,500 pounds. For a three-year posting, 3,750 pounds may be sent. For a two-year posting, the employee may order consumables through the first year. For a three-year posting, it is possible to order through the end of the second year. Often it is best not to order everything at once. Availability of goods changes and storage space at your res-

idence can be limited. Furthermore, if air conditioning is used to cool the storeroom and the source of electricity is unreliable, the resultant heat reduces the shelf life of foodstuffs.

To purchase the goods, the employee can use a catalog (available at Transportation) from stores such as Giant (also available online) or Ho-Ho (not available online) to select goods. It is prudent to first establish what is and is not available at post. Through the Transportation Counselor (Room 1248), an employee can arrange for the goods to be picked up at the vendor and packed for export to the new post. Be sure that the vendor allows our packers to inventory the goods to be packed, thus establishing that they are packing what the employee actually ordered.

**Q: I am at a partially-furnished post (sometimes known as a “limited-shipment” post) and I am about to be posted to another partially-furnished post. Under what circumstances may I either put items into storage or retrieve them from storage?**

**A:** An employee serving at a post considered “partially-furnished” is allowed to bring the maximum of 7,200 pounds with him or her. Before moving to the next partially-furnished post, he or she may send goods back to storage. Let us say that 2,200 pounds are sent back to storage. This means that the employee has only 5,000 pounds at post that is to be sent on to the next partially-furnished post. The employee may then take 2,200 pounds out of storage for sending to the new post, once more bringing the weight of HHE at post up to the maximum 7,200 pounds.

If you have questions, you are welcome to contact Mette Beecroft by e-mail: BeecroftMO@state.gov, or by phone: (202) 647-4028. Another good resource is Travel Regulations Chief Peggy Zabriskie, reachable by e-mail: ZabriskiePS@state.gov or phone: (202) 647-2987. □

## AFSA Expands Outreach Efforts in 2002

BY TOM SWITZER, DIRECTOR OF COMMUNICATIONS

**A**FSA greatly expanded its national outreach efforts in 2002 aimed at broadening and deepening public support for funding for diplomatic readiness. One of our most effective outreach elements is our **Speakers Program**, which deployed 252 Foreign Service speakers in 2002 (more than double the 110 participants in 2000) to explain the importance of U.S. diplomacy for American national interests to diverse audiences in 33 states and Washington, D.C.

Audiences ranged from major world affairs councils and universities to local community-service organizations, “Town Meetings,” churches, and high schools. Former ambassador to Pakistan Wendy Chamberlin enthralled faculty and students at universities in Boston and Washington, D.C. with her description of the demanding process our diplomats underwent to successfully convince the Pakistan government to collaborate with the U.S.-led coalition confronting the Taliban and al-Qaida. She also impressively described the attractions and challenges of careers in the Foreign Service, including insightful considerations of family issues. Another outstanding speaker was Ambassador Vernon Penner, who elicited glowing reviews from some 200 business leaders meeting in Colorado Springs for his presentations on U.S. counterterrorism and foreign trade policies.

AFSA speakers addressed other topics including: democratization and free markets in the former Soviet Union and Eastern Europe; U.S. initiatives in Latin America, Europe, Africa, the Middle East, and Asia; United Nations peacekeeping; public diplomacy; international environmental concerns; population and migration issues; and human rights.

All speakers were provided with talking points and issue updates from AFSA. Speakers stressed the critical role of diplomacy in advancing America’s vital security and economic interests around the globe. They also encouraged audience members to contact their congressional representatives to request increased funding for U.S. diplomatic readiness. Moreover, speakers reached out to talented youth — especially minority-group members — to encourage them to consider Foreign Service careers.

AFSA also significantly expanded **video conferencing** to certain regions of the country that lack retiree speakers by developing two major regional town meetings in northern Indiana. The first program, featuring Ambassador Phil Wilcox, positively influenced regional educators, students, civic leaders and media as to the crucial role played by U.S. diplomacy in waging the war against terrorism.

The second dialogue featured senior State Department trade negotiator Robert Cekuta, who explained U.S. global trade policies to some

300,000 households via a regional cable network. Video conferencing is an inexpensive, convenient outreach tool, which we plan to increasingly utilize to reach wider audiences nationwide, especially in smaller communities not easily accessible to our retired Foreign Service speakers.

AFSA provided substantial advice and facilitative support to the producers of National Geographic’s superb documentary “Ambassador: Under Fire Overseas,” which aired nationally on Sept. 4, and presented some of the most positive images of American diplomats seen on U.S. television in recent years. We are screening this excellent program before our speaker audiences nationwide.

AFSA’s **media outreach** efforts were also intensive in 2002. We placed, either directly or through AFSA retirees, 31 op-eds, letters-to-the-editor, and articles advocating increased public and congressional support for U.S. diplomacy in leading media entities including the *Los Angeles Times*, *Houston Chronicle*, *Washington Post*, *Wall Street Journal*, *San Francisco Chronicle*, *Portland Oregonian*, *Federal Times*, Associated Press, the BBC and CNN, and others.

Among our better efforts was the heaviest media coverage ever arranged for AFSA’s annual Awards Ceremony held at the State Department, which included five network TV cameras and some 20 journalists from major media. The highlight was a half-page photo story in the *Washington Post* entitled “At State, Giving Dissent Its Due.” Additionally, AFSA was the subject of a *Washington Post* editorial for the first time ever on Dec. 4 in an editorial entitled “A Foreign Service PAC,” which cited AFSA’s formation of a PAC this year in order to gain a hearing from key congressional lawmakers concerning essential funding for diplomatic readiness.

All AFSA outreach efforts were intensified in the aftermath of September 11, during which period we deployed more than 100 AFSA retiree experts on Middle East and South Asian issues for speaker and media programs nationwide, all of whom were able to emphasize the vital role played by U.S. diplomacy in the ongoing struggle against terrorism. The director of the State Department’s Office of Public Liaison thanked AFSA for its efforts, since many U.S. government officials were constrained by policy sensitivities from speaking publicly. We also held frequent discussions concerning AFSA issues with the more than 35 diplomatic correspondents attached to the State Department’s press office, as well as with senior editors and bureau chiefs of national media based in Washington.

These outreach programs have promoted three important AFSA goals: broadening the Foreign Service constituency through outreach to the public, enhancing public awareness of global affairs and of the key role of the Foreign Service and diplomacy, and activating the AFSA retiree constituency by involving it in significant programs which draw on their backgrounds and on their skills to tell our story to audiences nationwide.

If you want to be involved with AFSA outreach, contact me at [Switzer@afsa.org](mailto:Switzer@afsa.org) or call toll-free (800) 704-2372, ext. 501. □



“After September 11, we deployed more than 100 AFSA retiree experts for outreach programs nationwide.”

tiatives to tell the Foreign Service story to our fellow citizens. I spoke to 110 of the group's members at their annual banquet. After updating them on the health of the Foreign Service that they helped to build over their careers, I briefed them on AFSA's advocacy on issues of specific interest to our 3,700 retired members. I also urged them to continue to promote funding for international engagement by speaking to friends and civic groups, writing letters to the editor of their local newspaper, and communicating with their members of Congress.

## Orlando Sentinel on the Foreign Service: Naland Visit Leads to Good Publicity

Visits like the one AFSA President John Naland made to Florida help get the word out about the importance of the Foreign Service and diplomacy. The op ed by editorial writer John Bersia in the *Orlando Sentinel* that appeared soon after John Naland's meeting there includes rarely-reported information like this: "Few Americans know that more than 200 diplomats have died in the line of duty. Nor that Foreign Service officers spend an average of two-thirds of their careers overseas, which multiplies risks, especially in today's turbulent world."

Bersia goes on to say that "Americans tend to have scant details about what a Foreign Service officer does. ... They are the people who know a country, have studied its history, speak its language and understand its culture. ... Foreign Service officers have the global skills that are so essential and yet in short supply." □

### Scholarship • Continued from page 1

Approximately \$150,000 is awarded each year to 100 students. In addition to support from the AFSA Scholarship endowment, DACOR (Diplomats and Consular Officers, Retired) Bacon House Foundation and AAFSW (Associates of the American Foreign Service Worldwide) provide funds for scholarships administered by AFSA.

Elbert G. Mathews, accompanied and assisted by his wife Naomi M. Mathews, served for 37 years in the Foreign Service in five countries on three continents. He was ambassador to Liberia in 1959 and ambassador to Nigeria from 1964-69. Ambassador Donald Norland says Mathews "was serious-minded and dedicated. I am not surprised that he donated generously to the AFSA Scholarship Program to promote education of Foreign Service children."

When Mathews was the director of the senior seminar from 1969 until his retirement in 1972, Ambassador Willard De Pree served as his deputy. "Although they had a small house in Georgetown, Ambassador Mathews and his wife enjoyed having the senior seminar class of 25 over to their house for an evening meal," recalls De Pree. "They were the consummate Foreign Service couple; very old-school. The ambassador was widely respected by his colleagues," adds De Pree.

"Kabul, Afghanistan was my aunt's favorite post, even though she was the only American woman there in 1943," says Pamela Brody, niece of Naomi Mathews. "Calcutta was her least favorite because of the riots in 1945." Brody notes

that "My aunt was independent, cultured and a very proper woman. She introduced me to the arts by taking me to plays, art exhibits, and concerts when back in the United States from overseas assignments. Even through her later years in life, she regularly invited women over for formal tea, still using her silver tea service." Naomi Mathews served as the AAFSW president from 1970 to 1972 and participated in AAFSW's oral history program.

AFSA encourages active and retired members to consider establishing an AFSA scholarship. For more information on the AFSA Scholarship Program, call Lori Dec at (202) 944-5504, or 1(800) 704-2374, ext. 504; or e-mail Lori at [dec@afsa.org](mailto:dec@afsa.org). □

Approximately

\$150,000 is awarded each year to 100 students.



Naomi and Elbert Mathews

# AFSA NEWS BRIEFS

Continued from page 4

## State's Student Loan Repayment Program

The State Department's Student Loan Repayment Program recently completed its first of two pilot years. The program, which can provide up to \$6,000 a year and \$40,000 over a recipient's career to pay off his or her loans, was designed by law as a recruitment and retention incentive. In the case of the Foreign Service, the program is specifically designed to encourage bidding on greater hardship and danger pay posts. Foreign Service personnel serving (or soon to arrive) at such posts pre-qualified for the program if they had eligible student loans that were not in default. Other FS personnel were accepted for the first-year program on a case-by-case basis by showing a pattern of hardship assignments and a record of outstanding performance.

Altogether, 584 Foreign Service and Civil Service personnel applied for the Fiscal Year 2002 program and 407 were accepted. Of these, 270 were Foreign Service. Successful applicants received incentive payments of up to \$4,700 — for a department-wide total of \$2 million. In terms of funding and number of participants, State's program is by far the largest of any federal department or agency. State expects Fiscal Year 2003 funding to at least equal Fiscal Year 2002 funding. Some changes will be made to the program. After they are approved, an open season for applications will be announced early in 2003. Those interested in the program should send messages to [SLRP@state.gov](mailto:SLRP@state.gov) for updates or check out the SLRP Intranet site at <http://hrweb.hr.state.gov/er/employment/SL/StudentLoan.html>.

The site also contains instructions on how to join the SLRP Listserv. (Thanks to the Human Resources Employee Programs Office for this information.) □

## AFSA DUES INCREASE

### New Dues Schedule for 2003

In accordance with the AFSA Bylaws, the AFSA Governing Board has adjusted member dues for inflation by approving a dues increase of 1.4 percent. This change reflects the increase in the Consumer Price Index for 12 months ending Sept. 30, 2002. The new dues rates will take effect on Jan. 1,

2003. Members paying dues via payroll deduction will see a small, automatic increase in the amount deducted from their paychecks. Members who pay annually will be billed the new rate on their regularly scheduled renewal date. Membership dues account for approximately 75 percent of AFSA's total income. This revenue provides the association with a stable and predictable income source, which allows AFSA to continue offering excellent member services and benefits. □

#### 2003 AFSA Dues Schedule

Active Duty Category	2003 Annual	2003 Biweekly
FS 7, 8, 9	\$71.70	\$2.75
FS 4, 5, 6	\$135.60	\$5.20
FS 1, 2, 3	\$237.00	\$9.10
SFS	\$306.50	\$11.75

Retiree Category	2003 Annual	2003 Biweekly
Annuity under \$25,000	\$55.25	\$4.60
Annuity \$25-50,000	\$82.65	\$6.85
Annuity \$50-75,000	\$110.50	\$9.20
Annuity over \$75,000	\$138.00	\$11.50

Associate Category	2003 Dues
Retiree Spouse	\$50.00
Retiree Associate	\$52.00
Non-Foreign Service	\$85.00



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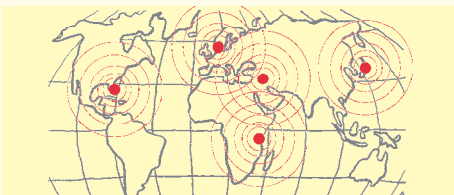
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